# Social Scientist

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Historical Background of the Moplah Rebellion : Outbreaks, 1836-1919 □ Marxism and Quantum Mechanics □ Informational Basis of Indian Planning □ Science Policy for National Development □ Marxism and India

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# Social Scientist

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*Articles, note, communication and book review express the views of their authors and not necessarily of the editors or of the Indian School of Social Sciences.*

# *OUR CONTRIBUTORS*

*Dr KSHITIMOHON MUKERJI is head of the Department of Commerce and Dean, Faculty of Commerce, Calcutta University.*

*E M S NAMBOODIRIPAD is member of the Polit Bureau, Communist Party of India (Marxist).*

*K K THECKEDATH is Professor of Mathematics, Wilson College, Bombay and secretary of the Bombay University Teachers' Union.*

*CONRAD WOOD is doing postgraduate studies at the School of Oriental and African Studies, University of London.*

# FROM THE EDITOR

*SOCIAL SCIENTIST* has entered its third year of publication. We take this opportunity to thank our readers, contributors and well-wishers for their continuous support and encouragement. During the last two years there has been a steady rise in the number of readers and the problem now is not so much of circulation as of meeting the phenomenal increase in the cost of printing paper and materials. We have been forced to raise the single copy price from Rs 2 to Rs 3 with comparable adjustments to annual and overseas rates.

*Social Scientist* will continue to present the problems of our society in a scientific socialist perspective. From now on we intend to lay particular stress on analysis of specific current issues: the general tendency so far has been to concentrate on more theoretical and historical topics. In addition we have decided to bring out annually some thematic special numbers.

This year we added a number of new writers to our pages. We assure present and prospective contributors that the *Social Scientist* will extend full co-operation to those who want to publish studies and analyses in the humanities with the aid of scientific tools. These are what distinguish the *Social Scientist* from other publications.

Along these lines, we shall welcome research papers, notes and reports on current topics, communications on articles published and book reviews. All manuscripts should be typewritten with wide margins. The text and footnotes should be double-spaced. Authors are responsible for checking all quotations and supplying complete references. Only the ribbon copy should be sent to the editor.

We shall reserve the right to effect minor alterations with a view to making the presentation clear and brief. However, on all substantial changes the authors will be consulted. Accepted manuscripts together with suggestions for revision will be sent to the authors for final typing. To enable us to return the rejected manuscripts, enclose always a stamped self-addressed envelope. Writers of unsolicited book reviews are requested to correspond with the editor before sending them.

We also urge readers to write us their comments on the articles and ideas about the directions of the journal. We shall be eager to hear from all of you.

## CONRAD WOOD

# Historical Background of the Moplah Rebellion: Outbreaks, 1836-1919

THE violence periodically manifested during the nineteenth century by the Moplahs was a perpetual source of horrified fascination for British officials in the Madras Presidency. One of them described it as "not mere riots or affrays, but murderous outrages, such as have no parallel in any other part of Her Majesty's dominions."[1]

Characteristically, the preparations for an 'outbreak' involved the intending participants donning the white clothes of the martyr, divorcing their wives, asking those they felt they had wronged for forgiveness and receiving the blessing of a *Thangal,* as the *Sayyids* or descendants of the Prophet are called in Malabar, for the success of their great undertaking.

Once the outbreak had been initiated openly, by the murder of their Hindu victim, the participants would await the arrival of government forces by ranging the countryside paying off old scores against Hindus they felt had wronged them, burning and defiling Hindu temples, taking what food they needed and collecting arms and recruits.

Finally, as the government forces closed in on them, a sturdy building was chosen for the last stand. Often the mansion of some Hindu landlord (frequently the residence of one of their victims) was selected, but temples, mosques, and other buildings were also used, the main purpose being apparently to avoid being captured alive. As a Moplah captured at Payanad temple in 1898 put it, it was decided to die there "as it was a good building and we were afraid lest we would be shot in the legs and so caught alive".[2]

By the time the government forces had surrounded them, the outbreak participants had worked themselves into a frenzy by frequent prayers, shouting the creed as a war cry and singing songs commemorating the events of past outbreaks, especially that of 1849 in which 15 Moplahs armed mainly with 'war knives' scattered two fully armed companies of sepoys with their charge. The climax of the drama came when they emerged from their 'post' to be killed as they tried to engage in hand-to-hand combat.[3]

Divergences from this ideal pattern were frequent, but the essence of the Moplah outbreak, demarcating it from other forms of violence, resided in the belief that participation was the act of *shahid* or martyr and would be rewarded accordingly. As one outbreak participant (who receded at the last moment and was captured) said in explanation of why he and his associates 'went out' (participated in the outbreak): "I have heard people sing that those who ... fight and die after killing their oppressors, become shahids and get their reward. I have heard that the reward is 'Swargam' (Paradise)".[4]

The pattern of the Moplah outbreak was dictated by the fact that participants had no intention of evading the heavy hand of justice. On the contrary, their objective was to compass their own destruction by hurling themselves in a suicidal charge against the forces sent to deal with them. In the words of a wounded Moplah captured at Manjeri temple in 1896: "We came to the temple intending to fight with the troops and die. That is what we meant to do when we started".[5]

The defining characteristic of the Moplah outbreak was devotion to death. The Moplah outbreak was a more or less regular occurrence from 1836 to 1919. During this period, 29 separate occasions can be distinguished in which Moplahs 'sought actively their own death'.

## *Participants*

In all 29 cases except 3 the number of participants ranged from a single Moplah to 19. The final total depended partly on how quickly the outbreak was suppressed, because usually the initiators were joined by recruits as the outbreak took its course. Thus, in the case of the 1896 outbreak, which was prolonged exceptionally for several days, the number of participants grew to a record 99, and others appear to have been on their way to join when the gangs[6] were rapidly destroyed, only 5 being taken alive. Of the 351 participants in the 29 outbreaks only 24 failed to achieve their end, and this includes the 12 forced to surrender in the very exceptional and significant case of the 1898 outbreak.

The *type* of man who participated in outbreaks is summed up by a report on the 1896 affair as "field-labourers, porters, timber-floaters, mendicants, and others of the lowest class, living from hand to mouth".[7] In fact, report after report on Moplah outbreaks indicates that the great majority of participants were wage-workers, poor tenants and the like with a sprinkling of *mullahs* of barely-distinguishable economic standing, criminals on the point of having their careers cut short by authority, the chronically diseased and men who were rather better off but who, often, had experienced economic decline. It was calculated that in the 1896 affair more than three quarters of those involved were "more or less really poor", two or three per cent "comfortable" and the rest were youths living with, and more or less supported by, their parents.[8] In fact, although men of almost any age might be found in the ranks of outbreak participants, young men predominated. In the 1896 gang about 30 per cent were in their teens, 40 per cent in their twenties, 20 per cent in their thirties and only 7 per cent between the ages of 40 and 60.[9]

## *Victims*

All the 'victims'[10] of the 29 outbreaks were Hindus, with the exception of two Collectors of Malabar, H V Conolly, who was murdered in 1855, and C A Innes who narrowly escaped the same fate in 1915. (The incident in 1851 in which a Moplah, discontented with an arrangement concerning family property, stabbed five of his own relatives and announced his intention of dying as a martyr is not included in the 29 outbreaks since I have no evidence that he 'sought actively his own death'.)[11]

Of the 82 Hindu victims the caste status of 78 is determinable. Of these, 64 were members of high castes (35 Nairs, 23 Namboodiri Brahmins and 6 non-Malayali Brahmins) and the other 14 of castes ranking below Nairs in the hierarchy, 11 being Cheruman, traditionally agrestic slaves in Malayali society.

Something of the class background of 72 of the Hindu victims is known. Nineteen were rich *jenmis* (landlords) and/or moneylenders, 4 were *kariasthans* (land agents) and advisers of *jenmis*, 18 guests, retainers, servants and similar dependants of *jenmis*, 10 members of *jenmis*' families, 5 village headmen (where not definitely known to be *jenmis* as well, as headmen in Malabar villages usually were) and 4 other government officials, making a total of 58 known to be themselves powerful figures in the Malabar countryside, or directly associated with such. Of the 12 remaining victims whose class status is known, 3 were labourers, 5 members of one labourer's family, 1 priest, 2 'cultivators' and 1 teacher.

Of the 29 *jenmis* and moneylenders and their families who fell victim to Moplah outbreaks, 20 were Namboodiri Brahmins and 8 Nairs, with 1 of unknown caste, whilst the 11 agents and officials comprised 1 Namboodiri, 9 Nairs and 1 unknown. It was not accidental that these victims were mostly members of the powerful Hindu high castes. Malabar, and especially that part where outbreaks occurred, was throughout this period pre-eminently a land of the big Namboodiri *jenmi* and the

Nair official. Nearly all the big *jenmis* were in fact high-caste Hindus. In 1915, Collector Innes gave figures showing that the 86 biggest landlord families, owning many hundreds of thousands of acres and paying about a fifth of the total land revenue, were all high-caste Hindus except two Moplahs, one Thiyyan and one Goundan.[12] The powerful[13] and often hereditary post of *Adhikari* (village headman) was often in the hands of the biggest local *jenmi*, and therefore frequently of a Namboodiri,[14] whilst the ranks of the administration and the judiciary were heavily weighted with Nairs and other high-caste Hindus.[15]

One striking feature of the Moplah outbreak was its virtual restriction to one part of the area of Malabar inhabited by Moplahs. With only three exceptions, every outbreak took place in the rural parts of interior south Malabar and of the remaining 26 all but one in Ernad taluk or northern Walluvanad. The three exceptions comprise two in rural north Malabar and one in which Moplahs from interior south Malabar made their way to the residence of District Magistrate Conolly in Calicut town to kill him and initiate their outbreak.

The phenomenon of geographical restriction was not the least of the enigmas the Moplah outbreak presented to the perplexed British administration, for whom the fact that Pandalur Hill happened to be located roughly in the centre of the outbreak zone came to assume obsessive proportions. "I have puzzled for twenty-five years why outbreaks occur within fifteen miles of Pandalur Hill and cannot profess to solve it", was the lamentation of H W Winterbotham in his report on the 1896 outbreak.[16]

## *Agrarian Explanation Ignored*

For decades this startling phenomenon of the Moplah outbreak presented British administration with the most taxing problem of interpretation, a problem it seemed necessary to solve if appropriate policy measures were to be adopted.

Since so many of the attacks involved the selection of victims who were rich landlords or their agents and since so many of their assailants were men in social positions vulnerable to the adverse exercise of their economic and social power, it seemed obvious to ascribe Moplah outbreaks to antagonism between landlord and tenant, or landlord and labourer. What strengthened the presumption was the fact that on the occasions when the grievances of outbreak participants were recorded, alleged oppression by landlords, buttressed by the courts and local administration, figured prominently. Thus, the participants in the 1843 Pandikkad outbreak, which was directed against overbearing local notables complained that "it is impossible for people to live quietly while the Atheekarees (village headmen) and Jenmies...treat us in this way."[17] Again, the leader of the 1849 gang, Athan Gurikal, left behind a document in which he claimed that the behaviour of landlords in collusion with public servants, "the majority . . . being of Hindoo caste," was a source of grievance to "the Mussalmen inhabiting the inland part of Malabar."[18]

One of the main forms in which landlords were felt to be behaving oppressively was their use of powers of eviction recognized by the courts. One specific method of exercising these powers which was especially resented, and which became popular with *jenmis* in the course of the outbreak period, was the granting of *melcharths*, by which the *jenmi* virtually sold (sometimes by literally putting it up for auction[19]) to a third party the right to oust and replace one of his tenants. Thus, a Moplah captured in 1896 gave as a reason for the outbreak the 'fact' that "poor folks who have only two or three paras of land are ejected and put to trouble by the grant of melcharths over their heads."[20]

Almost without exception, every British official concerned with interpreting the Moplah outbreak was prepared to concede that all was not well with landlord-tenant relations in Malabar, and the grievance over insecurity of tenure was repeatedly stressed by them. However, explaining outbreaks as anti-*jenmi* manifestations posed difficult problems with which those Malabar Collectors most sympathetic to tenant grievances grappled with only very partial success. In particular, since Hindu tenants and labourers admittedly suffered quite as much, if not more, from the great power of the big *jenmi*, why were outbreaks confined to the Muslim community? Moreover, why should some of the assaults have been directed against Hindus who were not only *not* landlords, but members of the slave caste at least as vulnerable to the exercise of *jenmi* power as many of the assailants themselves?

Failure by those who stressed the agrarian explanation for outbreaks to answer such questions adequately undermined their case for legislation to grant occupancy rights to tenants, a measure they urged as essential if the Moplah problem was to be solved.

The shortcomings of the case presented by the 'pro-tenant' school of Malabar Collectors were seized on by the Government of Madras which, in this period at least, was most reluctant to intervene in agrarian relations in Malabar in favour of the tenant. Would-be reformers were fully conscious that before any meddling with the powers of the *jenmi* could be considered it was incumbent on them "to show some political necessity for interference."[21] The failure of Collector Innes to show any 'political necessity' when he presented his case for legislation in 1917 met with this response from the Board of Revenue:

> Mr Innes speaks of the jenmis of Malabar as a 'political force on the side of Government.' In the Board's opinion there can be no doubt that tenancy legislation of the kind now suggested would be a grave political mistake, as it would alienate this force from the Government, and the Government could not count on receiving from the tenants anything in the way of gratitude to replace this loss.[22]

This Board strongly recommended that the question of tenancy legislation for Malabar should be dropped and the Government of Madras readily agreed.

### The Strange Report

As early as 1852, when the outbreak situation had become so serious that a Special Commissioner, T L Strange, had been appointed to ascertain the cause of outbreaks, the Government had hinted at another interpretation of the phenomenon and a different policy approach when it issued Strange with his instructions. He was to bear in mind that his "grand object" should be "to secure to the Nair and Brahmin population the most ample protection and safety possible against the effect of Moplah fanaticism".[23]

With such a direction, perhaps it is not surprising that Strange came to the conclusion that outbreaks were not due to agrarian grievance but that

> the most decided fanaticism . . . has furnished the true incentive to them . . . Pride and intolerance fostered by the Mahomedan faith, coupled with the grasping and treacherous, and vindictive character of the Moplas in these districts drawn out to its worst extent have fomented the evil and it may be said to lie at the root thereof.[24]

As an 'explanation' for the Moplah outbreak this posed more questions than it answered. In particular, why should the Muslims of two Malabar taluks have reacted fanatically to their religion when so many Muslim communities, including those in the rest of Malabar, admittedly did not? The claim that it was the 'character' of these particular Muslims to react in this way in itself explained nothing.

Moreover, the attributing of outbreaks to religious fanaticism itself posed policy problems for the Government. British administrators in India tended to believe that interference in the religious affairs of the people was more likely to stir up trouble than allay it. As was said of an 1896 proposal to regulate the teaching of the *ulema:* "Any real attempt to control religious teaching and preaching would be viewed as persecution, and we should have sedition preached on the hill-tops, in the depths of the jungle, and in dens and holes in the earth".[25]

Even so, the Government *did* act on Strange's report. Its representatives in Malabar had already persuaded one of the leading Ernad *Thangals,* Sayed Fazl, the Tirurangadi *Thangal,* who was suspected of fomenting outbreaks, to remove himself to Arabia. But its main policy instruments were the repressive Moplah Acts of 1854. Formulating a repressive policy to deal with men whose very aim was death was not found to be an easy task. However, the Moplah acts provided for the banning of the Moplah war knife, the deportation without trial of anyone suspected of intending to participate in an outbreak, the confiscation to Government of the property of participants, and the levying of fines on the inhabitants of localities involved in the disturbances. This last provision was especially significant. It reflected the conviction of all government servants in

Malabar that the great majority of Moplahs were sustaining outbreaks by their sympathy with them. The remark of Collector Conolly in 1843 that it seemed evident that the Moplahs' "real sympathies were always enlisted on the side of the Criminals"[26] was typical, whilst in 1849 Conolly remarked that seldom did "a Moplah of the lower order" pass the grave of any participant in earlier outbreak "but in silence and with an attitude of devotion, such as is usual in this district in passing a mosque", adding that "despite the prohibition of the authorities, ceremonies are from time to time secretly performed in their remembrance to an admiring audience".[27]

It would be natural to enquire, in view of this frequently noticed sympathy on the part of the great mass of Ernad Moplahs, whether the Moplah community of the outbreak zone, or at least an important section of it, was gaining in any way from outbreaks. Though there is no record of any thorough investigation of this question by the Government of Madras, it was clear that it was hoped the policy of fining would mean the community as a whole, and more particularly its richer and more influential members who were to be the especial target of the fines,[28] would come to believe it must *lose* whenever an outbreak occurred, and act accordingly.

In fact, the record shows that the frequency of outbreaks *did* decline after the passing of the Acts. From 1836 to 1854 when the measures were enacted, 17 outbreaks occurred. From 1855 to 1887, when a change of policy was effected, the total was only 7. In the first period (of 18 years) outbreaks occurred at a rate of almost one every year, in the second period (of 32 years) one every 4 or 5 years.

### *The Logan Report*

The administration began to feel that its aim of rendering outbreaks "comparatively unimportant and unfrequent"[29] was being achieved. Even so outbreaks *did* continue, and when in 1880 an anonymous petition was received setting out tenant grievances, especially regarding eviction, and threatening that "the severity of the oppression of the Malabar landlords will lead to great disturbances, at which a great number of people will lose their lives ... disturbances and bloodshed of a kind unknown in Malabar",[30] a second Special Commissioner, W Logan was appointed to investigate Malabar land tenures.

Logan argued that the Moplah outbreak was the outcome of administrations imposing through the courts their British agrarian preconceptions on a state of society fundamentally different to that of their homeland. By recognizing the *jenmi* as the absolute owner of his holding and "therefore free to take as big a share of the produce of the soil as he could screw out of the classes beneath him" the British had, Logan claimed, presented him with powers which were not customary in Malabar.[31] Logan pressed in vain for occupancy rights to be conferred on certain categories of tenant, to curb *jenmi* power. The Government was not prepared to accede to this demand, but instead the Compensation for Tenants' Improvements Act of 1837, was passed providing for payment by *ienmis,* in the event of their resorting to eviction, of what was intended to be the "full market value"[32] of improvements made by tenants at rates determined by Court Commissioners. The hope was that this requirement would impose "a check on the arbitrary exercise of the power of eviction."[33]

## *Legislative Measures*

In fact, although it was reported in 1894 that the Act had, on the whole, "worked ... favourably for the tenants"[34] it failed in its purpose of securing to them the full market value of their improvements on eviction. The wording of the Act had regulated in a number of court decisions which laid down that the compensation payable was to be determined on the basis of the cost of making the improvement rather than (what was normally far higher) the price it would fetch on the open market.[35] To replace the 1887 Act an amended Bill was prepared in 1898 which was in effect a compromise based on *both* methods of determining the amount of compensation awardable[36] and this measure became law in 1900.

Although even the considerably strengthened Act of 1900 still failed to secure to the Malabar tenant what had been promised him in 1886, namely, the full market value of his improvements on eviction, administrators of widely differing sympathies were agreed that the new legislation was a not unimportant weapon in the hands of the tenant.[37]

The difficulties faced by the *jenmi* were further increased in the late nineteenth century by two Acts of 1896, one for the registration of *jenmis* and the other concerning rent recovery.

The *Jenmi* Registration Act was the outcome of a High Court ruling which rendered it necessary that the old Malabar practice since the beginning of the century of settling the land revenue with occupants who were not proprietors should be discontinued and that the *jenmis* should be ascertained, registered and made primarily responsible for the revenue.[38] The implementation of this measure produced a chorus of complaints from the *jenmis,* which the Collector, A.F. Pinhey, regarded as "for the most part genuine"[39], about the difficulties presented by their new role of revenue collector.[40] The problem of recovering from tenants the government demand was exacerbated by the removal of the power of distraint from the Malabar *jenmi* by the 1896 Act excluding the district from the operation of the Madras Rent Recovery Act of 1865. As the Government of Madras pointed out in 1895,

> it is in the highest degree inexpedient that this summary power of distraint should be allowed in Malabar. Every exercise of it by Hindu janmis, or, as will generally be the case, their land agents, who are a generally low class of men, on their Moplah tenants is likely, owing to the strained relations existing between them in many places, to lead to a repetition of those outbreaks of which there have been several regrettable instances within the last few years. . .

In fact, if the Malabar *jenmi* was to have the same powers of distraint possessed by landlords in the rest of the Presidency, the Government was not prepared to "be responsible for the peace of the district".[41]

Thus, very largely for political reasons, a series of legislative measures were undertaken in the late nineteenth century which, whilst still leaving the *jenmi* "a power in the land"[42], made the exercise of that power more uncertain. Meanwhile, after two bad disturbances in the earlier 1890s, outbreaks came to an end for an unprecedented 17-year period with the remarkable outcome of the abortive affair of 1898.

## *Payanad Outbreak*

Like most outbreaks, that of 1898 departed from the ideal pattern in several ways. In particular the initiators probably had no settled intention of becoming *shahid* in the period of preparation for what at first was simply an assault on a big Namboodiri *jenmi* by timber-carters aggrieved at the payment they had received from him and the beating he had had meted out to them when they protested. When the *jenmi* was killed in the course of the assault, the gang apparently decided to die as martyrs and the affair then took the course of a normal outbreak. The late decision to become *shahid* was probably not unique and seems to have been a feature of outbreaks on previous occasions, notably those of November 1841 and August 1849.

What was very significant however, was the way the affair ended. When the government forces arrived at the temple selected for the last stand, they found it surrounded by three or four hundred Moplahs, led by a local *Thangal*, in the process of trying to induce the gang's surrender which was in fact effected.

Quite apart from the persuasive powers of the *Thangals* who parleyed with the gang it is clear that the continuation of the outbreak by means of the final suicidal charge became impossible once several hundred Moplahs had separated the gang from its objective of hand-to-hand combat with the government forces. The British administration, whose servants in Malabar had openly despaired of ever being able to devise a method of capturing outbreak participants alive[43] had been witness to a pacific demonstration of the power of numbers of which Gandhi himself might have been proud. As G W Dance, the Collector, pointed out in his report, such a thing had never before been known in the history of Moplah outbreaks and yet this had happened in Payanad, an *amsom* (smallest administrative unit) notorious for its outbreak record and this after the gang had murdered an unpopular Hindu *jenmi*.[44]

The British had for decades been familiar with the widespread support, both overt and covert, for outbreaks on the part of Ernad Moplahs. That this striking demonstration in the heart of the outbreak zone indicated a shift in attitude within the community seems even more likely when the following 17 years of freedom from outbreaks are considered. As one British official observed in 1896, "until outbreaks become unpopular with the Moplahs as a body, they will not cease."[45]

The manifest support for outbreaks on the part of the great mass of Ernad Moplahs, more especially "among the lowest orders"[46] seems to have been rooted in resentment at the exercise by high-caste Hindus of massive power based ultimately on a virtual monopoly of landownership.

### *Roots of Conflict*

Malabar in this period was a district in which landownership was restricted to a very small proportion of the population.[47] Ownership of extensive land was confined to the high Hindu castes. What was described by Raja Sir T Madhava Rao, by no means an opponent of the principle of landlordism, as "an extraordinary... a stringent and systematic monopoly of land" [48] by the big *jenmis*, was "well fortified by law on all sides", including the law of primogeniture and the system of joint families, the law providing for adoption in the case of failure of heirs and that debarring the *jenmi* from making gifts of land.[49] Above all it was fortified by the *jenmi*'s strong traditional aversion to the sale of land, noted by all officials from the earliest period of British rule. [50] This withholding of the smallest portions of the major source of subsistence, of power and even of the means of religious practices, was sometimes manifestly resented by Moplah outbreak participants. As the spokesman of the Kolatur gang of 1851 bitterly remarked of the difficulty local Moplahs were experiencing in trying to obtain a site for a mosque from their Nair landlord, "what is the loss to the Nairs and Namboories if a piece of ground capable of sowing five parrahs of seed be allotted for the construction of a Mosque? Let those hogs (the soldiers) come here, we are resolved to die."[51]

But it was the power to manipulate the British legal system, to the disadvantage of the tenantry which the *jenmi* land monopoly conferred, that was most consciously resented by the Ernad Moplah. T L Strange in his report of 1853 noted that five of the relatives of the 1851 outbreak participants when examined subsequently to the outbreak said "they had been taught to believe that if a poor man had been evicted from land it was a religious merit to kill the landlord".[52] W Robinson, in his 1849 report, went so far as to say of the total destruction of one big *jenmi*'s papers (a frequent event in Moplah outbreaks) that it was "so natural a step for a set of ignorant Moplah had (lads?) taught from the (sic) childhood to look on these as the weapons with which the Nair and Raja Jenmies ... were ruining their Caste in the Courts and elsewhere, that their preservation had been to me unaccountable."[53]

Where reports on Moplah outbreaks are detailed enough, time after time it is found that participants (or their families) had suffered from the attempt of a *jenmi* to exploit his powers under the British legal system at the expense of his tenants. The case of the Nair *jenmi* who changed the terms of one of his Moplah tenant families from a rent of 59 per cent of the net produce to one of 77 per cent for doubling of the annual expenditure of labour and found himself, as a result, the objective of an outbreak led by one of the family[54] is merely one of the best documented instances. As Commissioner Logan pointed out, British administration by permitting the *jenmi* to take as much as he could from his tenants had introduced a conception of landlord rights conflicting sharply with what the Malabar tenant considered legitimate. During his investigations Logan found "how familiar even the most illiterate of the agriculturalists" were with the shares of the produce due respectively to landlord and tenant according to custom, and that they could usually "say at once what the shares are of any particular bit of land... though the shares now actually paid as '*rent*' are very much greater."[55]

## *British Bias*

Of course, Logan was one of the foremost of the 'pro-tenant' school of British officials in Malabar whose views were strongly challenged by those administrators more sympathetic to the *jenmi* interest, who argued that rents in the district had been determined by contract long before the coming of British rule. However, as Sir Charles Turner, the most outstanding exponent of this latter opinion, pointed out in his cogent *Minute on Malabar Land Tenures* (1885): "I do not mean to say that custom was excluded by contract, but that written contracts *made in reference to custom* were generally if not universally adopted in dealings respecting land".[56] (Emphasis added)

No one, even among the apologists for the *jenmi*, seems ever to have argued that the determination of rents purely and simply with reference to what the market would bear was anything other than an innovation of British rule. Long after the British assumed control of Malabar, virtue in a *jenmi* was still being reckoned in terms of any traditionalist resistance to the temptation to take a competition rent.[57] In a petition of 1887, a large group of inhabitants of Ernad and Walluvanad pressed their conviction that in "former times, the landlords of Malabar did not either evict their tenants or enhance the rent of their property as long as the latter satisfied the customary demands for the former."[58] Even one group of *jenmis* in a startlingly candid petition of 1888 contrasted the pre-British period with the "vigorous competition for lands which now exists" observing that whereas in "former times the jenmi had little inducement to turn out a tenant ... at the present day ... the jenmi is exposed to pecuniary temptations which sorely try his traditionary spirit of respecting the possession of long-standing tenants." When the same petitioner naively asked, "Surely the jenmies do not deserve to be blamed for this?"[59] she was evidently not fully informed of the feelings of the Ernad Moplah who with 83 others petitioned Government in 1887. After strongly attacking the Malabar *jenmi*, at whose hands the tenants were said to "suffer a good deal of hardship", this petitioner indicated his estimation of the shared responsibility for the condition of the tenant when he threatened that if a favourable order were not obtained they could not "but attribute" their "miseries to Her Majesty the Queen".[60]

British administration in Malabar had conferred on the *jenmi* what the Moplah tenant saw as unjust powers of landownership; it was extremely reluctant to legislate to curb the exercise of those powers (despite the advice of many of its own servants most familiar with the district) and on the contrary was prepared to use the most exceptional repressive legislation to suppress the challenge to that power. Little wonder then, that almost throughout the nineteenth century the Ernad Moplah evinced little inclination to rely on appeals to justice from the administration for curbing landlord power. A British District Superintendent of Police with much experience of Malabar towards the end of the century noted that the Ernad Moplahs had "an insane idea that Europeans hate them and want to destroy them".[61] The countervailing force against *jenmi* power had to be one generated by the tenants and labourers themselves.

The creation of such a force would seem necessarily to involve making the main resource of these groups, namely their superior numbers, a reality by combination. In Malabar, circumstances made this especially difficult. The bulk of the rural population was illiterate and engaged in work which confined relations with others within a very narrow compass. In Malabar, a district of isolated houses, even the degree of human interaction which life in a nucleated village normally fosters would, no doubt, be absent. Moreover, the isolation would be increased by the notoriously bad means of communication (especially in the wild, less thickly populated country in the heart of the outbreak zone)[62] as well as by poverty.

## *Mosque Congregations*

For the Muslim section of the population however, an important compensating factor for these obstacles to combination would have been their congregational form of worship which must have been partly responsible for the greater 'independence' of the Moplah, as compared with the Hindu, often remarked by the British in Malabar.[63] Certainly, among the many uses made of the mosque by outbreak participants, its utility as an aid to confederation emerges clearly in many outbreaks. In the case of the abortive affair at Malappuram in 1884 the plotters for a month before the attack took to sleeping in their mosque, constantly praying together and planning the project in a room above the mosque.[64] The 1885 Ponmundam outbreak was plotted at a mosque after services by members of one congregation who attained a level of organization involving the passing of resolutions and the collecting of subscriptions to meet expenses.[65] Indeed, it would appear that the congregational form of worship of the Moplahs actually worked as a factor encouraging a rearrangement of the traditional dispersed settlement pattern of Malabar. Thus it has been observed that whereas the Malabar Hindus have "small houses each with its own compound spread over the countryside with no communal centre" the Moplah "tends to live in close villages and hamlets centred on his mosque".[66] The fact that Moplahs commonly engage in trade, often of an extremely petty nature and supplementing agricultural work, would also help account for this phenomenon.

The opportunities for Moplahs achieving a greater degree of independence from the power network linking Hindu *jenmis* and officialdom, would be increased by the existence of a Moplah *ulema* capable of playing a sanctioning and even a leadership role, to the extent that they derived their income from the contributions of the faithful. Indeed some British officials went so far as to ascribe an originating or manipulative role to the Moplah *Thangals* who were alleged by one administrator in 1896 to "have been at the bottom of most of the outbreaks".[67]

There is certainly plenty of evidence of Moplah divines sanctioning and, sometimes (as in 1849), actually leading outbreaks. Apparently, it was the favourite text of Syed Fazl in his Friday orations at Tirurangadi mosque that it was no sin but a merit to kill a *jenmi* who evicted.[68] It was clearly necessary for outbreak participants to have religious sanction for their taking the path of martyrdom, and it was deemed most important to receive the blessing of the Tirurangadi *Thangal* (or sometimes any *Thangal*) before 'going out'.[69] Even so, where their source of livelihood was from the Moplah community, the dependence of the *Thangals* on the population supporting outbreaks was as great as that of the intending martyr on the *Thangals*. Significantly, this was the case with the Tirurangadi *Thangals*, who had "no apparent property" but professed to be *fakirs* and were supported by "the voluntary oblations of the followers".[70] If it really were true that the doctrine of the Moplah outbreak had originated with the Tirurangadi *Thangals*,[71] they were catering for their followers' needs.

### *Radical Laity*

The Moplah laity was indeed very often more radical than the *ulema* in its attachment to and interpretation of what the British regarded as a movement initiated by the old Tirurangadi *Thangal* (Syed Fazl's father). Instances sometimes occurred in which outbreak participants refused to heed the appeals of *Thangals* to surrender.[72] When, in 1852, Syed Fazl issued an injunction that, for the better observance of the Sabbath, no ploughing should be done on Fridays by Moplahs, some of his followers went beyond his instructions and broke the ploughs of Nairs who would not cease work.[73] Another of the *Thangal*'s orders, that the Moplah should break with custom and use the polite form of the second person singular when conversing with Nairs only when the latter used the same was similarly exceeded. As Conolly noted, "The low Moplah, never over-courteous in his manner, is pleased at an order which brings (as he thinks) his superiors in rank and education to his own low level"[74] and resorted to the familiar in response to either form. Most significantly of all, on the occasion of Syed Fazl's final removal from Malabar, which officials had thought might result in a rising of 5000 Moplahs[75] and which in fact was marked by a crowd of 7000 to 8000 "showing strong signs of grief at his departure," the *Thangal*'s behaviour was "prudent and politic." He "did all that was in his power to avoid popular excitement by remaining in his house" out of sight of the crowds for as long as possible, even altering his itinerary and retrieving a perilous situation as the concourse swelled with each mile.[76]

Nevertheless, there existed important limits to the facility with which even the Moplah tenantry could combine without external assistance. Most *ulema,* especially in interior south Malabar, had a level of economic standing and a range of experience and contact which was little different to that of the rural mass. On the other hand, nearly all those who *did* stand out-in these respects and who might therefore be more likely to attract a considerable following, the important *Thangals* of the towns and religious centres in the coastal zone, were primarily in contact with the coastal Moplahs who were a more prosperous commercial community having, the British were sure, "no sympathy with the Moplah agriculturalist."[77] The one really important exception was Syed Fazl who, with his ability to attract crowds of thousands of devoted followers, had caused the administration much concern until he was exiled in 1852.

The second important limitation to the extent to which Moplahs were likely to combine on anything more than the most fleeting basis was probably the size of mosque congregations. According to Moplah belief a quorum of 40 people was essential for a congregation in a principal mosque,[78] but figures for 1831 and 1851 seem to indicate an average of the order of 400 Moplahs per mosque for Malabar as a whole.[79] Probably the figure would be smaller for rural areas like the outbreak zone. With possibly no more than a 100 or so adult males per congregation, it would seem that the religion of the Moplahs normally promoted a degree of regular intercourse sufficient for combination on only a limited, localized scale.

## *Forms of Resistance*

It would seem likely that combination on such a scale would present a strictly limited range of alternative forms of action against *jenmi* power. There is plenty of evidence of resistance to the payment of rent among Moplah tenant communities when labouring under a sense of grievance. The records of the Guruvayur Devaswom section of the Zamorin's estate, which was under Court of Wards administration for several years from 1914 resound with the complaints of Estate Collectors about *amsoms* of Ernad Moplah tenants "notorious for default in the payment of rents."[80] How readily Moplah tenants might act in concert was revealed by Logan, who noted, at the outset of his Commission in 1880, "signs that the *Mappilla* portion of the population would have readily seized any pretext for stopping the payment of rent, and if such a movement had been once commenced, the example would have spread contagiously." But such apparently spontaneous large-scale co-ordinations (as with the huge crowds which gathered when Syed Fazl left Malabar) seem to have been transient, unstable phenomena in the absence of a level of organization which the unaided rural Moplah of the outbreak zone was incapable of achieving. Logan evidently found no great difficulty in scotching such movements with caution whenever they appeared.[81] Under normal conditions perhaps the forms of anti-*jenmi* action generated by the Ernad Moplahs themselves had, of necessity, to be those involving the mobilization of relatively small numbers.

Combination on this limited scale produced forms of action, varieties of normal crime especially, which are common to perhaps any rural society in which mass organization is not feasible. District Magistrates were convinced that a proportion of crime in Malabar, especially crimes of violence, had its origin in agrarian trouble,[82] and apart from common murder of local notables by small groups, such as the three Moplahs who in 1865 killed an importunate moneylender[83], Moplahs supplied most of the gang robbers (*dacoits*) of the district.[84] In times of dearth *dacoities* would be committed by starving people for food, as in 1897 when one British offical observed that "the Mappillas, who suffered the most by far, are not those to sit down under that kind of adversity which consists in starvation while fat Hindu landlords had plenty".[85] At least one outstanding example of what E J Hobsbawm has called 'social banditry'[86] is recorded in the case of Athan Gurikal, an idle young man (of a Moplah family of status in greatly reduced circumstances) who secured a living for his gang by levying 'protection money' from rich *jenmis*, but who also set himself up as a champion of the oppressed Moplahs, amongst whom he enjoyed great prestige. Thus among the Robin Hood-style 'righting of wrongs' attributed to Gurikal are included action against a Menon (village accountant) who had refused to refund a Rs 30 bribe he had received from a Moplah woman and against an *Adhikari* for allegedly wronging a Moplah over a revenue matter.[87]

Throughout the period, Moplah resistance to the rural establishment constantly gravitated towards the form of the outbreak. This persistence over many decades of the outbreak as the chief form of action may well have been because it entailed the wreaking of the maximum degree of terror with the minimum resources, for nothing was more chilling to the local Hindus than the thought of frenzied fanatics for whom death not only held no fears but was eagerly sought. Perhaps it was partly because "the Moplah [was] only formidable when under the effects of fanaticism"[88] that the despised coolie and abused tenant was attracted by such a suicidal form of action in which even warlike Nairs in possession of arms "rushed into the jungle, climbed trees, and . . . descended into wells leaving their wives and children and their property at the mercy of [a] gang" of outbreak participants.[89]

However, the main strength of the outbreak form was that the inevitable death of all the participants meant that direct retaliation by the powerful was made impossible. As long as men could be found who preferred the rewards of paradise to life, a means of resistance could be employed which was not subject to the main disadvantage of other forms of action, like common murder, *dacoity* and 'social banditry', in which relatively small, and therefore vulnerable, numbers were involved. Thus, the Moplah outbreak seems to have been essentially a peculiar form of rural terrorism which functioned as what, in the circumstances, was probably the most effective means of curbing enhanced power of the *jenmi*, for the earthly benefit of Moplahs who themselves did not become participants.

## *Role of Kanamkar*

It has been argued that the outbreak was merely a form of action instigated by the more influential elements among the Moplahs for their own ends. In particular it has been claimed that the social conflict of which the outbreak was an expression was "only the culmination of the constant struggle of the wealthy Kanamkar to get possession of the land."[90]

*Kanamkar*, variously regarded as tenants or mortgagees, held land from *jenmis* for terms of twelve years, making a loan to the *jenmi* at the beginning of this period and recovering the interest on the loan from the produce of the land, the net profits being paid over to the *jenmi*.[91] Some *kanamkar*, such as the family of one outbreak participant in 1851 which held one and a half acres on *kanam* and also worked as coolies,[92] were clearly of a status little different from the usual 'fanatic'. Others however were substantial, powerful men, frequently Moplahs in the outbreak zone, jealous of the *jenmi* land monopoly which was an obstacle to their ambition and, indeed, often the means of their downfall. Moplah *kanamkar* who had gone from relative riches to destitution in a matter of years sometimes became participants in outbreaks.[93] The *kanamkar* certainly had every reason to look with favour on any movement directed against *jenmis*.

Moreover, the evidence for the key role of *kanamkar* in the Moplah outbreak is strong. They clearly provided the leaders of a number of outbreaks, such as those in April 1841 and December 1841 and were strongly suspected of instigating or directing others, as in August 1851 and September 1880. As Logan realized, the conception of the outbreak as a weapon used by *kanamkar* in their struggle with the *jenmi* also provides an explanation for the apparent fact that outbreaks did not begin until 1836, several decades after the beginning of British rule in 1792.

Before 1792 Malabar had been subject to invasion and control by the Muslim rulers of Mysore, and large numbers of the Hindu *jenmis* had fled. Before doing so, they had had to make what bargains they could with their Moplah *kanamkar* who for small sums secured deeds assigning to them large *kanam* claims.[94] On their return in the wake of the British in 1792, the *jenmis* found themselves with the rights of absolute landlords on paper, but in practice so heavily in debt to the *kanamkar* that their position was weak. Only when prices began to rise in 1831-32 did the *jenmis* find it possible to begin to pay off their debts and to exploit their rights which had lain dormant.[95]

The actual origin of the Moplah outbreak is a matter of conjecture, but the phenomenon certainly seems to have appeared at a time when the *kanamkar* found it useful; it undoubtedly continued with the support of such men, and it would seem to have disappeared temporarily in 1898 when it no longer served the interests of this group.

### *General Gains*

Even so, it cannot be said that the outbreak was 'nothing but' a weapon of the substantial *kanamkar*, and that the men (of whatever social and economic status) who actually devoted themselves to death were mere tools: the outbreak was far too popular with the great mass of Ernad Moplahs, and especially the poorest, for this to be true. As District Magistrate Conolly said of the doctrine that the murderer of an evicting *jenmi* would be entitled to paradise, such notions were "far easier sown than rooted out amongst a wild people and . . . exhortation from superiors, other than spiritual, are of little avail against a popular faith."[96]

Nor is this surprising when the material gains to be derived from 'fanaticism' were so widespread. Apart from the plunder of Hindu mansions by large numbers of Moplah neighbours and the mass destruction of *jenmis*' deeds and moneylenders' accounts, "the tendency of an outbreak [was] to benefit the Moplahs as a class" since, as one British official pointed out, it "keeps their name up; deters many landlords from enforcing their legal rights; and supplies temporary employment on easy terms to many hundreds of Moplah 'guards'."[97] (When 'fanatics' were on the rampage, many Moplahs quartered themselves as 'guards' on the terrified inmates of *jenmi* mansions demanding and receiving such 'high feeding' and presents that their hosts were heartily glad to see their backs.[98]) When terrorism is committed in the name of a community all its members stand to gain (or, of course, lose) from the consequences. As Logan remarked in 1885,

> the exaltation of the Mappilla religion carries with it the exaltation of the Mappilla class, and the exaltation of the Mappilla class secures very material advantages for that class in dealing with their landlords . . . If the Mappillas gave up committing outrages, they would speedily be in respect of power over their Hindu landlords on the same footing as Hindus. Hence as a class they one and all rejoice when an outrage occurs.[99]

Moreover, although Government through the Moplah Acts attempted to persuade the Ernad Moplah that he must *lose* as a consequence of outbreaks, there is abundant evidence that his inflammability won him concessions from the administration. The Court of Wards Manager of the Guruvayur Devaswom estate in 1915-16 withdrew one set of eviction suits on the grounds that a situation "bound to result in wholesale eviction of Ernad Mappilas, could not be allowed to culminate".[100] The fact that apart from the special case of the planter taluk of Wynad, Ernad was the only Malabar taluk for which the District Board budget showed

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an excess of expenditure over receipts was clearly because, as the Collector insisted in 1902, there should be no stinting of funds in the 'fanatic zone'.[101]

With so many benefits to be gained it did not need *kanamkar* leaders and instigators before an outbreak could occur. In the August 1852 outbreak three young "day labourers" tried to deal with the Nair *jenmi* who had moved the father of one of the 'fanatics', a *verumpattomdar* (simple tenant), from a plot he had held for many years.[102] No kind of role appears to have been played by any *kanamkar*.

The Moplah outbreak was a *popular* phenomenon, whatever use the substantial *kanamkar* made of it and whatever the degree of control they were able to exercise over it.

The above thesis may be applied to three problems which Moplah outbreaks pose: *where* they occurred, *whom* they involved and *when* they happened.

## *Outbreak Zone*

The fact that with few exceptions outbreaks occurred in interior south Malabar rather than in north Malabar or the coastal zone (the two other areas where a rural Moplah population existed) was probably because the type of agriculture in the latter regions made the tenant far less vulnerable to the adverse exercise of *jenmi* power than in the former. Whilst interior south Malabar was primarily a paddy-growing area, the north (and the coastal strip) was one in which garden cultivation of crops such as pepper and the coconut dominated. The Special Settlement Officer for Malabar gave figures in 1904 showing that the ratio of wet cultivation (paddy) to garden land in the four northern taluks was 59:100 whilst for Ernad and Walluvanad it was 203:100.[103]

As Special Commissioner Logan pointed out, it was "notoriously the grain-crop cultivators who (were) worst off". The fact that the yield of gardens was extremely sensitive to the quality of husbandry had "taught many of the Janmis that they cannot rack-rent gardens as they can grain lands".[104] The attempt of the *jenmi* to maximize his gains at the expense of his garden tenant merely resulted in the latter taking as much as he could from the gardens and thus ruining it. Thus, in 1916-17 the Court of Wards Manager of the Guruvayur Devaswom estate observed that tenants of garden lands were always the most difficult to deal with in regard to affairs concerning rent payment.[105] An agriculturalist in north or coastal Malabar was consequently far less likely to have to resort to violence to curb *jenmi* power than the tenant in the outbreak zone. Indeed, social divisions appear to have been sharper in the latter where the *jenmi* was more likely to be a 'big man' clearly distinguishable from the rest of the population. Logan in 1882 gave figures for 'principal' *jenmis (*those holding 100 or more pieces of land in any one *amsom)* showing that whilst Ernad and Walluvanad had 15.6 per cent of the total number of *jenmis* in Malabar they had 35.5 per cent of 'principal' *jenmis.*[106] It was always claimed that in north

Malabar land was more widely distributed and that the same person was often both a tenant and a landlord.[107] The outbreak zone was that part of the area of Malabar inhabited by Moplahs in which the *jenmi* stood out most clearly as an oppressor.

## *Conversion, a Way Out*

As already indicated, for the lower Hindu social orders there was no congregational form of religious organization to compensate for the many obstacles to combination existing in rural Malabar. Far from presenting them with opportunities to resist *jenmi* power, the religion of these groups bound them the more securely to their high-caste landlords.For the Hindus, there could be no possibility of sanction and leadership from *his* religious leaders; on the contrary he who incurred the displeasure of his Namboodiri Brahmin *jenmi* was liable to an excommunication which was religious, social and economic. The *Desa virodham*(enmity of all the residents of the *desam* or 'village') and *Svajana virodham* (enmity of one's own caste people) which were brought into play denied the excommunicant access to necessary religious facilities, wells and all kinds of village services. The "smallest show of independence" was "resented as a personal affront", and though the *jenmi* was liable to prosecution in such cases "it was found impossible to get the people to come forward to complain *for fear of the utter consequences—eviction and ruin of families*."[108]

Of course it was open to any Hindu wishing to mitigate this formidable array of sanctions he was subjected to at the hands of the *jenmi* to do so by becoming a Muslim. In fact the records are replete with the observations of British administrators that considerable numbers of low-caste Hindus were exploiting this opportunity,[109] whilst census returns indicate that the proportion of Muslims in the Malabar population rose from 25.7 per cent in 1871 to 31.6 per cent in 1911[110].

The material advantages from conversion for the Cherumar in particular were clear. In 1844 it was pointed out that by the custom of the country the pay of a Cheruman was less than that allowed to free labourers (like Moplahs),[111] whilst a low-caste convert also experienced a rise in the social scale.[112] Logan stated in 1887 that in the event of a Cheruman convert being "bullied or beaten the influence of the whole Muhammadan community comes to his aid" and that "with fanaticism still rampant the most powerful of landlords dare not to disregard the possible consequences of making a martyr of his slave".[113]

By becoming a Moplah a Cheruman labourer or Thiyyan *verumpattomdar* was joining a body which functioned as a self-defence organization of the rural subordinate whose ultimate weapon in this period was the outbreak. Conversion certainly curbed the field of power of the Namboodiri and Nair landlords and this and the undoubted benefits the convert derived from membership of his new community must have been important elements in the striking zeal for proselytizing for which the Moplah was renowned.[114] Moreover the earthly benefits of proselytism to the Moplah community of Ernad were sometimes made clear in more direct ways. When, in 1920-21, Moplah tenants of the Guruvayur Devaswom estate combined to prevent the making of any offer to release the holding of a compeer which had been decreed for surrender, the Court of Wards Manager, to break the confederation, had to influence a Hindu tenant to accept the lease.[116]

In most methods of resistance to the local power structure adopted by Moplahs, conversion tended to play a conspicuous part. In several outbreaks the pattern of action for participants was to murder *jenmis* and '*convert*', forcibly or otherwise, any lowly Hindu who fell into their hands, these proselytes occasionally becoming members of the gang. One Moplah gang in 1843 'went out' specifically to deal with a Nair *jenmi* who had angrily forced one of his female "outdoor menials" to apostatize, after her conversion had given her the temerity to dispense with the deference she had previously been obliged to render him.[117] Conversion seems to have been an important weapon in the struggle against the *jenmi*.

No doubt for this reason, a number of outbreaks (such as those in 1884 and May 1885) were directed against lowly Hindus, for these were apostates who had reneged on their previous commitment to Islam. Perhaps the outbreak directed against the low-caste apostate was a particularly brutal and therefore a somewhat effective means of ensuring solidarity, of helping strengthen the 'horizontal' links between Moplah and Moplah at the expense of the 'vertical' bonds between the *jenmi* and his Hindu dependants.

## *Instrument of Peasant Struggle*

This is not to argue that Islam in Ernad was 'nothing but' a kind of trade union or peasant league. However, it *does* seem to have been the medium through which functions, which in other circumstances are discharged by such bodies, were performed. But precisely because south Malabar Islam was not, like a peasant league, specifically designed to discharge these functions, the instrument proved to be clumsy and less than fully efficacious. The frenzied Moplah 'fanatic' was not always carefully discriminating in his choice of victim. Attempts on the lives of some Hindus, such as the goldsmith in the 1896 affair,[118] were made for the simple reason that they *were* Hindus. In other cases the religious form of the instrument may have permitted some Moplahs to murder Hindus for personal reasons having nothing to do with *jenmi* oppression, and attempt to claim social and religious sanction for their crime by subsequently '*going out*.'[119] None of this however should obscure the undoubted fact that the outbreak was overwhelmingly directed against the power network which the Ernad Moplah felt was oppressing him. Moreover, incidents such as that in 1919, when immediately after a murderous assault on an oppressive Namboodiri *jenmi*'s wedding feast, a Moplah gang released unharmed one Namboodiri on the grounds that he was said to be merely a poor guest going for meals,[120] indicate that even the so-called 'Moplah religious fanatic' was capable of a nice discrimination.

Significantly enough, the outbreak was a weapon which could be of use only against *infidel* oppressors. Whatever sanctions a Moplah could use against *Muslim* oppressors, they could hardly include those derived from a religion which taught the sinfulness of the murder of a fellow believer. On the contrary, there were several cases in which the enmity of a Moplah for one of his own religion who had oppressed him found outlet in outrage against Hindus. Thus, in 1849 one indigent young Moplah was led to 'go out' after his uncle had enriched himself at the expense of the participant's mother when the family property was divided.[121] Again, in 1915 three Moplahs with grievances about what they regarded as the swindling behaviour of a Moplah 'lessor' assaulted him and burnt his house, and then, as if committing an outbreak, killed a Thiyyan and looted the houses of three Nairs who had given information to the authorities earlier in the year about an outbreak two of the three Moplahs were allegedly preparing.[122]

Under these circumstances the outbreak was of no use to the Moplah poor against that section of the Muslim rural community which was most likely to oppress them, namely, substantial Moplah *kanamkar* intermediaries who often stood between the *jenmis* and the *verumpattomdars* as tenants of the former and landlords in relation to the latter and who could rack-rent just as well as the *jenmis*.[123]

## *Uneasy Peace*

As indicated, the outbreak persisted because the mass of Ernad Moplahs wanted it to. However, British policy from 1854 of fining *amsoms* which were involved in outbreaks and deporting many bread-winners as suspects diminished the return of the outbreak to the community. And yet, since the British were unwilling to tackle the root cause of the problem—the powers of the local high-caste hierarchy—and since there was little other means of resistance, outbreaks persisted, though on a more sparing scale.

Moplah hopes that Government would be influenced to react favourably to their grievances seem indicated by the number of occasions on which 'writings,' often left behind by outbreak participants themselves, complained of *jenmi* oppression and threatened worse outbreaks should Government continue to be supine. As Athan Gurikal put it in his last testament, referring to the machinations of certain "landlords and Rajahs," if these were "not put a stop to by the Sirkar, there will be ...no other alternative, but to cut off the heads of these Hindoos."[124] The outbreak must be seen partly as a peremptory demand for government intervention.

In view of this, it seems significant that after the first, relatively modest gestures by Government to curb *jenmi* power through the legislative measures of 1887-1900, support for outbreaks dwindled until they were so dramatically ended for a 17-year period in 1898.

No doubt those who would be most in favour of alternative forms of action which did not bring down fines on the heads of the whole community would be the richer *kanamkar* tenants best able to make the kind of improvements provided for in the Tenants Improvements Act.[125] This group may well have had sufficient influence to curb those in favour of the continuation of the traditional methods. In the evidence collected for the 1896 report there are signs that some Moplahs were arguing for the alternative of relying on redress for grievances through approach to the Collector.[126] Certainly, during the 1898-1915 period there were signs that, perhaps under the influence of 'moderates' who were prepared to respond to the concessions of 1887-1900, outbreak zone Moplahs were inclined to rely on more constitutional methods of pressing their claims. In 1902, during his tour of Malabar, the Governor was presented with a petition from the *Hidayut-ul-Muslimin Sabha* about the difficulties experienced by Moplahs in persuading *jenmis* to sell land for mosque sites, an issue which had previously led to outbreaks.[127] The following year the Moplahs of Kalpakancheri *amsom*, in the 'fantatic zone' brought a similar issue to the notice of the Collector through the *Islam Sabha* at Ponnani.[128]

## *Tenancy Laws Fail*

In 1915, however, the abstention from violence which the British appear to have won by the legislation of the late nineteenth century came to an end with the outbreak of that year, followed by another in 1919. It had been clear for some time that even the limited protection conferred on the tenant by the 1887-1900 legislation had diminished as *jenmis* discovered ways of circumventing its provisions.

The still largely unabated dominion in the Malabar countryside of the big *jenmi* made such circumvention possible in the case of the incidence of the land revenue. In 1915-16 the newly-appointed Court of Wards Manager of the Guruvyur Devaswom estate discovered that under the Zamorin, estate tenants holding on *kanam* demises had been required to pay the assessment by the terms of the documents they had to accept, in spite of the rigistration in the name of the *jenmi*. Even *verumpattom* tenants, who were under no obligation to pay the assessment, had been compelled to do so in many cases by an illegal arrangement between the *kariasthans* (agents) of the estate and *amsom* officials involving unlawful remuneration to the latter.[129]

Among the many ways in which the Tenants' Improvements Act was rendered impotent, one method was to oblige tenants to 'agree' in new lease deeds to clauses stating, falsely, that they had already been paid in consideration for improvements yet to be made.[130] Above all, since in comparision with garden lands, improvements on wet lands were normally of trifling value, the *jenmi* could resume full control over the latter (and through these over the tenant by abrogating the traditional practice of granting both kinds of cultivation on the same lease and instead, at the time fot renewal of leases, issuing separate demises for wet lands and for garden lands.[131] Under these circumstances the efficacy of the Act could persist only as long as existing leases were not replaced by new ones incorporating such circumventing clauses. As Collector Bradley realized in 1894 the 12-year period of the *kanam* lease was critical for the successful operation of the Act,[132] and it seems no coincidence therefore that shortly after the 12-year period from 1900 (the date of the amended Act) in 1915, Moplah outbreaks were resumed.

Moreover, there is evidence that the effect of the passing of a tenancy Act in 1914 in neighbouring Cochin State, purporting to confer fixity of tenure on certain categories of *kanamkar*, was to create apprehension among Malabar *jenmis* of similar measures in the district. (In fact[133] the Government of Madras rejected Innes' proposals of 1915). The result seems to have been a movement to convert *kanam* holdings to inferior tenancies-at-will[134] and a consequent increase in discontent which ended the previous constitutional period.

## *Prelude to Rebellion*

As a form of resistance to *jenmi* power the Moplah outbreak was crude and unsophisticated. It was subject to no fine control, leadership was elementary or non-existent, demands were formulated in a haphazard way, organization was of the most rudimentary and *ad hoc* kind.

Moreover, it was useful only as a rough and ready way of limiting the *exercise* of the *jenmi*'s power, not of permanently reducing or eliminating that power, which derived from the rights bestowed on the *jenmi* by Government. Only if British rule in Malabar could be ended or a massive change effected in the administration's policy of cultivating the *jenmi* as a 'political force on the side of Government' could the latter be achieved. But it was evident that in the last analysis the administration would act decisively against the *jenmis* only if it were clear that support for them was more likely to weaken than strengthen British rule. Any such massive change in British policy could be brought about only by posing a threat to that rule.

That the materials for the creation of such a threat existed in Malabar, officials well acquainted with the district were ready to acknowledge. In 1844 Collector Conolly spoke of the "considerable number of needy and lawless men, Moplahs in especial" in the outbreak zone ready to rise "at any time" against the Government "if a sufficient prospect of plunder and impunity were held out to them."[135] But though an outbreak of necessity ended in physical clash with the forces of authority, the objective was not to eliminate government power but self-immolation at the hands of authority. In 1849 with the whole country at their feet after the defeat of the sepoys sent against them, Athan Gurikal's gang made no attempt to seize control, but merely awaited more troops so as to die in "fair fight with the Sirkar," as Gurikal put it.[136] As a challenge to British rule the Moplah outbreak was a mere ritual.

As long as British power in India was unchallenged, any defence of it in Malabar had to be a formality. As one district official said in 1880, "our safety lies in the want of leaders, in the want of organization, and in the knowledge of the Moplahs themselves that any attempt at rebellion must end in failure."[137]

When, in 1921, there appeared to exist not only leaders and organization, but also sufficient challenge to British rule in India to make Moplahs believe that attempt at rebellion might succeed, the stage was set for defiance of the Government beyond a formality. 1921 was the year of the Malabar Rebellion.

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[1] Minute by J D Sim, member, Council of the Governor of Madras, no date; P 403, MJP No. 1606-A/5A, August 28, 1874, no page-numbers.

[2] Statement of Trasheri Unni Ali, April 4, 1898, in the Court of the Special Assistant Magistrate of Malabar; p/5506, MJF No. 1737-40, November 11, 1898, p 23.

[3] Sketches of the Moplah outbreak are given in C A Innes, *Malabar Gazetteer*, Vol 1 p 82 and T W Arnold, "Mappilas" *Encyclopaedia of Islam* Vol III, p 261.

[4] Statement of Ambat Aidross, March 16, 1896; L/PJ/6/422, 996/96, p 15. Also statements of captured outbreak participants Pottanthodika Alevi (P/5506, MJP No. 1737-40, November 11, 1898, pp 24-25) and Moideen (P/327/22) MJP No. 794, December 1, 1849 p 4774), as well as the statement of an outbreak leader's father quoted in the report of T L Strange, September 25, 1852 (P/327/60 MJP No. 483, August 23, 1853, p 4549).

[5] Statement of Aruvirallan Muttha, March 13, 1896, in Preliminary Report of H M Winterbotham, member, Madras Board of Revenue, on the 1896 outbreak, April, 10, 1896; L/PJ/6/422, 996/96, p 12.

[6] There were two gangs in this outbreak, a major one of 92 participants and a minor one of 7. The latter was trying to join up with the former.

[7] Preliminary report of Winterbotham, *loc. cit.*, p 6.

[8] Report of F Fawcett, Superintendent of Police, Malabar, June 5, 1896; L/PJ/6/433, 2060/96 pp 101-103.

[9] Report of J T Gillespie, Acting Special Assistant Magistrate, Malabar, April 26, 1896; *ibid.*, pp 38-47.

[10] Some intended victims escaped with their lives, a few even without physical injury.

[11] Report of H V Conolly, July 23, 1851; P/327/38 MJP, July 29, 1854, pp 2504-5.

[12] Strictly Confidential Note by C A Innes on the Malabar Tenancy Legislation; P/35 Confidential, MRP No. 3021, September 26, 1917, p 25. See also the great predominance of high-caste Hindus among the signatories to the papers in which the principal landholders acquiesced in the settlement principles of June 29, 1803. W Logan (Ed.), *A Collection of Treaties* etc. Pt. II, p 355.

[13] See the details of revenue, magisterial and police duties of the Malabar *Adhikari* in Baden-Powell, *Land Systems of British India*, Vol III, pp 88-9

[14] C A Innes, *Malabar Gazetteer*, Vol I, p 105.

[15] See, for example, H V Conolly to Secretary Judicial, February 26, 1853; P 327/59, MJP No. 379, July 2, 1853, p 3671 and Minute of J F Thomas, November 3, 1852; P/327/60 MJP No. 483, August 23, 1853, pp 4696-97.

[16] Final Report of H M Winterbotham, May 5, 1896; L/PJ/6/433, 2060/96, p 62.

[17] "The Wurrola chit (anonymous writing) written for the perusal and information of Walluvanaad Tahsildar", no date or signature, left behind in the house in which they had 'taken post'; P/326/35 MJP No. 69, January 27, 1844, p 286.

[18] "Writing of Syed Assan, Manjery Athan and all the others who have taken possession of Manjery temple"; P/327/22, MJP No. 794, December 1, 1849, p 4784.

[19] Note by C A Innes, *loc.cit.*, p 21.

[20] Statement of Puzhutini Kunyayu, March 14, 1896; L/PJ/6/422, 996/96, p 12.

[21] Report of Madhava Rao Commission to advise the Government of Madras on legislation on Malabar land tenures, July 17, 1884; Government of Madras, *Malabar Land Tenures*, p 122.

[22] Reference from the Board of Revenue (Land Revenue) No. 2105-A/Gt. 15-2/C-30, May 1, 1917; P/35, Confidential, MRP No. 3021, September 26, 1917, p 6.

[23] Minute No. 123, February 17, 1852; P/327/44, MJP, p 678.

[24] Report of T L Strange, *loc.cit.*, pp 4587 and 4591.

[25] Final report of Winterbotham, *loc.cit.*, p 64.

[26] H V Conolly to Secretary, Judicial, November 4, 1843; P/326/35 MJP No. 69, January 27, 1844, p 216.

[27] H V Conolly to Secretary, Judicial, July 28, 1849; P/327/19, MJP No. 503, August 7, 1849, pp 2574-78.

[28] See the comments of T L Strange on Section 6 of his draft Moplah Act No. 1; Strange's report, *loc.cit.*, p 4626.

[29] Minute No. 123, February 17, 1852; P/327/44, MJP p 678.

[30] "Petition purporting to be addressed by certain Mussulmans, Nayars, Tiyyans and men of other castes inhabiting Malabar", October 14, 1880; Government of Madras, *op.cit.*, pp 14-15.

[31] W Logan's Report on Malabar Land Tenures; Government of Madras, *Malabar Special Commission*, Vol 1, p xvii.

[32] C G Master, President, Committee on Malabar Land Law to Acting Chief Secretary, February 9, 1886, forwarding draft Bill; P/2880, MLP No. 37, February 19, 1886, p 5.

[33] Government of Madras, *Malabar Land Tenures Committee Report*, February 22, 1887, p 5.

[34] Report of H Bradley, Acting Malabar Collector, January 31, 1894; P/4621, MJP No 2374 (Confidential), October 1, 1894, p 2.

[35] Bill No. 6 of 1898, Statement of Objects and Reasons by H M Winterbotham; P/5502, MLP No. 80, December 10, 1898, p 28. This Bill became the amended Tenants Improvements Act passed in 1900.

[36] Bill No. 6 of 1898, to Secure to Tenants in the Malabar Distsict Compensation for Improvements; *ibid.*, p 8.

[37] See for example the view of C A Innes, Strictly Confidential Note, *loc.cit.*, p 9, and those of two officials less clearly identified with the tenants' cause, A F Pinhey, Malabar Collector (Confidential Report of May 20, 1902; P/6457, MBRP (RS, LR and A) No. 121, July 3, 1902, p 5) and N MacMichael, Special Settlement Officer, Malabar (Report of June 10, 1904; P/7175, MBRP (RS, LR and A) No. 93, April 10, 1905, p 23).

[38] Statement of Objects and Reasons, *Jenmi* Registration Bill; October 2, 1895, by J Grose; L/PJ/6/408, 1909/95.

[39] Report of October 25, 1902; P/6458, MBRP (RS, LR and A) No. 273, December 18, 1902, pp 2-4.

[40] See for example Petition of Puthia Kovilagom Viathen Sridevi, *alias* the Valia Thamburatti, no date; P/6925, MBRP (RS, LR and A) No. 73, March 4, 1904. Pinhey in his October 25, 1902 report, *loc.cit.*, pp 2-4, said that similar complaints were being received from other *jenmis*.

[41] Letter No. 2521, June 25, 1895, (Confidential) from Acting Secretary to the Government of Madras to Secretary to the Government of India, Revenue and Agricultural Department, L/PJ/6/408, 1909/95, p 3.

[42] Confidential report of A F Pinhey, May 20, 1902, *loc.cit.*, p 6.

[43] H V Conolly to Secretary, Judicial, December 23, 1843; P/326/35, MJP No. 69, January 27, 1844 p 249. See also H M Winterbotham's preliminary report, *loc.cit.*, p 3.

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[44] Report of G W Dance, April, 19, 1898; P/5506 MJP No. 1737-40, November 11, 1898, p 18.

[45] Final report of H M Winterbotham, *loc.cit.*, p 66.

[46] Report of W Robinson, Head Assistant Magistrate, Malabar, October 18, 1849, P/327/22, MJP No. 794, December 1, 1849, p 4951.

[47] 6.8 per cent of the total population actually working in agriculture (*i.e.* 30,455 landowners out of a total of 449,719 landowners, tenants, farm servants and field labourers), *Census of India, 1911*, Vol XII, Pt 2, pp 140-42.

[48] See "Additional Remarks of Madhava Rao", no date, Government of Madras, *Malabar Land Tenures*, p 190 and pp 202-3, in which he spoke strongly against any abolition of landlordism.

[49] "Note by Raja Sir T. Madhava Row, being a brief statement of the exceptional circumstances of the Malabar district, demanding exceptional treatment", no date, enclosure to Appendix F (c), Government of Madras, *Malabar Land Tenures Committee Report*, pp 29-30.

[50] See, for example, Major A Walker, *The Land Tenures of Malabar, Report of 20 July 1801*, p 11.

[51] "Memorandum of the conversation between the Walluvanad Tahsildar and the fanatics", August 28, 1851; P/327/41, MJP No. 700, November 20, 1851, p 3774.

[52] *Loc.cit.*, p 4560.

[53] *Loc.cit.*, p 4939.

[54] H V Conolly to T L Strange, September 30, 1852; P/327/51, MJP No. 716, November 6, 1852, pp 4661-62 and 4667-69.

[55] Report on Malabar Land Tenures, *loc.cit.*, p xxviii.

[56] *Ibid.*, p 30.

[57] See, for example, the definition of a 'good' *jenmi* given in the *Malabar Land Tenures Commiitee Report*, p 6.

[58] "Petition of Achir Tatikazil Moiden of Malabar Amsham, Walawanad Taluk, and 59 others (inhabitants of Ernad and Walluvanad), September 22, 1887, an abstract translation"; P/3286, MLP No. 23, March 11, 1888, p 21.

[59] "Petition of the Valia Thamburatti of Keyake Covilagam and other Jenmies of Malabar to Secretary, Legislative Council, January 28, 1888"; P/3286, MLP No. 11, January 27, 1888, p 16.

[60] "Petition of Katangal, Virankutti and 83 others, inhabitants of Ernad, October 7, 1887"; P/3286, MLP No. 1, January 10, 1888, p 1.

[61] Report of F Fawcett, *loc.cit.*, p 112.

[62] C Collett, Joint Magistrate, Malabar to T Clarke, Malabar Magistrate, January 31, 1856; P/328/15, MJP No. 552, May 22, 1856, p 3342.

[63] See, for example, A F Pinhey, Malabar Magistrate to Chief Secretary, May 8, 1904; p/6902, MJP No. 1067, July 12, 1904, p 72.

[64] Reports of J Twigg, Acting Special Assistant Collector, Malabar, July 9, 1884 and C A Galton, Acting Malabar Magistrate, September 16, 1884; P/2401, MJP Nos. 2776-81, November 1, 1884, pp 3 and 5.

[65] P Karunakara Menon, Deputy Magistrate, Southern Division to W Logan, Malabar Collector July 1, 1885; P/2635, MJP No. 2725, October 8, 1885, p 6.

[66] Comments by E H Colebrook, Deputy Inspector-General of Police at the time of the Moplah Rebellion of 1921-22 who took an important part in its suppression on; Mr Hitchcock's Report on the Rebellion, no date; Mss. Eur. of Police to Chief Secretary, May 21, 1860; P/328/33, MJP No. 672, May 30, 1860, p 321.

[67] Minute of J Grose, member, Council of Governor of Madras, August 18, 1896; L/PJ/6/433, 2060/96, p 131.

[68] Information given by C Kanaran, late Deputy Collector of Malabar to W Logan,

Government of Madras, *Malabar Special Commission,* Vol II, p 48. Kanaran had had immediate charge of the negotiations resulting in Syed Fazl's departure for Arabia.

[69] H V Conolly to Secretary, Judicial, October 12, 1849; P/327/22, MJP No. 794, December 1, 1849, p 4750.

[70] H V Conolly to Secretary, Judicial, November 4, 1843; P/326/35, MJP No. 69, January 27, 1844, p 197.

[71] T L Strange to H V Conolly, July 29, 1852; P/327/56 MJP No. 151, March 16, 1853, p 1610.

[72] Government of Madras to Secretary of State, May 5, 1915, annexure, "Account of the Mappilla Outbreak in the Malabar District, February-March 1915;" L/PJ/6/1360, 2230/15 in 1003/15, p 3.

[73] H V Conolly to Secretary, Judicial, February 11, 1852; P/327/45, MJP No. 125, February 20, 1852, p 696.

[74] *Ibid.* pp 694-95.

[75] H V Conolly to Secretary, Judicial, January 29, 1852; P/327/44, MJP No. 89, February 6, 1852, p 436,

[76] HV Conolly to Secretary, Judicial, March 20,1852; p/327/45, MJP No.216, March 26 1852, pp 1154-55.

[77] H Wigram, Officiating District Judge, South Malabar, to Chief Secretary, November 8, 1883, Goverhment of Madras, *Malabar Land Tenures*, p 17.

[78] H V Conolly to Secretary, Judicial, July 24, 1852: P/327/48, MJP No. 44, July 24, 1852, p 3158.

[79] Report of T L Strange, September 25, 1852, *loc. cit.*, p 4593.

[80] Administration Report for fasli 1830, October 11, 1921; P/11116, MCWP No. 44, November 16, 1921, p 1.

[81] W Logan, Report on Malabar Land Tenures, *op.cit.*, Vol I, p iv.

[82] Remarks of C A Innes, Malabar Collector, February 19, 1914, on the Police Administration Report of South Malabar for 1913; P/95/60, MJP No. 1771, August 19, 1914, p 20.

[83] Judgement in High Court of Judicature at Madras, October 21, 1865, Case No. 166 1865; MJP No. 1550, October 31, 1865, p 1903.

[84] Memorandum of H V Conolly, March 25, 1852; p/327/56, MJP No. 154, March 16, 1853, p 1506.

[85] F Fawcett, Superintendent of Police,Malabar, to Inspector-General of Police, Madras January 28, 1898; P/ 5505, MJP No. 819, May 25, 1898, p 90.

[86] E J Hobsbawm, *Primitive Rebels,* Penguin Books, p 5.

[87] Report of W Robinson, *loc, cit.*, pp 4867 and 4873.

[88] H V Conolly to Secretary, Judicial, November 29, 1851; *Moplah Outrages Correspondence* Vol I, p 223.

[89] Report of H Bradley, Acting Magistrate, Malabar, May 16, 1894: P/4621, MJP Nos, 2186-92, September 8, 1894, p 109.

[90] Sir Charles Turner, *Minute on Malabar Land Tenures Draft Bill*, p 60,

[91] Proceedings of the Court of Sudr Udalut, August 5, 1856, in *ibid.*, appendix XVI, p 100.

[92] C Collett to H V Conolly September 20, 1851,: P/327/39, MJP No. 558, September 8, 1851, p 3732.

[93] *Ibid.*, pp 3736-37.

[94] W Logan, Report on Malabar Land Tenures, *op. cit.*, Vol II p 43

[95] *Ibid.*, pp 46-47.

[96] H V Conolly to Secretary, Judicial, November 29, 1851;*Moplah Outrages Correspondence,* Vol I, p 227.

[97] Final report of H M Winterbotham, May 5, 1896, *loc.cit.*, p 66.

[98] *Ibid.*, p 53.

[99] W Logan, Malabar Collector, to Chief Secretary, June 10, 1885; P/2635, MJP No. 1727, July 1, 1885, p 2.

[100] Administration Report of J A Thorne for fasli 1325; October 18, 1916; P/100/40, MCWP No. 55; December 9, 1916, p 10.

[101] Confidential Report of A F Pinhey, May 20, 1902; P/6457, MBRP(RS, LA & A) No. 21, July 3, 1902, pp 5-6.

[102] Notes by T L Strange on a letter from H V Conolly September 30, 1852, and T L Strange to Secretary, Judicial, October 16, 1852; P/327/51, MJP No. 716, November 6, 1852, pp 4694 and 4579.

[103] N MacMichael to Revenue Settlement, Land Records and Agriculture Department; June 10, 1904; P/7175, MBRP (RS., LR and A, No. 93, April 10, 1905, p 28.

[104] Report on Malabar Land Tenures, *op.cit.*, Vol I, p xxi and xxv.

[105] Administration Report for fasli 1326, November 8, 1917: P/10251, MCWP No. 55, December 14, 1917, p 2.

[106] Report on Malabar Land Tenutes, *op.cit.*, Vol I, p lvii.

[107] District Munsif, Badagara, (north Malabar) to District Magistrate, December 28, 1907 in an inquiry concerning the working of the Tenant's Compensation Act; P/8541, MJP No. 308, February 25, 1910, p 19.

[108] Report on Malabar Land Tenures, *op.,cit.*, Vol I, p xxvi.

[109] See for example F Fawcett's report of June 5, 1896, *loc.cit.*, p 97 and T L Strange's report of September 25, 1852, *loc.cit.*. p 4593.

[110] *Census of Madras, 1871* Vol I pp 9 and 12; *Census of India, 1811*, Vol XII, Pt 2, pp 2 and 24.

[111] H V Conolly to Secretary, Judicial, November 24, 1843; P/326/37, MJP No. 277 April 20, 1844, p 1339.

[112] Minute of J D Sim, *loc.cit.*, no page numbers.

[113] W Logan, *Malabar Manual*, Vol I, p 148.

[114] See, for example, report of Special Commissioner Graeme, *ibid.*, p 197.

[115] Administration Report for fasli 1330, October 11, 1921; P/111/6, MCWP No. 44, November 16, 1921, p 2.

[116] Report of H Bradley, Acting District Magistrate, Malabar, May 16, 1894, P/4621 MJP Nos. 2186-92, September 8, 1894, pp 93-94 and 99.

[117] H V Conolly to Secretary, Judicial, November 4, 1843; P/326/35, MJP No. 69, January 27, 1844; p 198.

[118] Report of J T Gillespie, April 26, 1896, *loc.cit.*, p 22.

[119] The abortive outbreak of 1877 seems to have been such a case. See report of W Logan, Malabar Magistrate, April 25, 1877; P/1094, MJP No. 1134, May 5, 1877 pp 586-98.

[120] J F Hall, Malabar Magistrate to Secretary, Judicial, April 25, 1919; L/PJ/6/1608, 4582/19, June 9, 1919, p 5.

[121] M Robinson's report of October 18, 1849, *loc.cit.*, pp 4981-82.

[122] Report of F B Evans, Malabar Magistrate, November 22, 1915; P/11 (Confidential) MJP No. 3008, December 6, 1915, p 6.

[123] Note by Innes, *loc.cit.*, p 34.

[124] *Loc.cit.*, p 4788.

[125] The limited extent to which the Act assisted "the lowest Moplahs" was noted by R B Wood, Acting Malabar Magistrate, to Inspector-General of Police, October 9, 1910; P/8786, MJP No. 87, January 19, 1911, p 16.

[126] Statement of Puzhutini Kunyayu, March 14, 1896; L/PJ/6/422, 996/96, April 10, 1896, p 12.

[127] Government Order No. 407, MJP, March 7, 1902, p 22.

[128] A F Pinhey to Chief Secretary, March 19, 1903; P/6667, MJP No. 1792, November 30, 1903, p 210.

[129] Administration Report for fasli 1325, October 18, 1916; P/10040, MCWP No.55, December 9, 1916, p 5.

[130] A Chandu Nambiar, Walluvanad Tahsildar to Malabar Collector, January 10, 1899; P/5732, MLP No. 9, February 6, 1899, p 10.

[181] *Ibid.*, and Note by Innes, *loc.cit.*, p 21.

[182] Report by H Bradley, January 31, 1894, *loc. cit.*, p 1.

[183] P/35, Confidential, MRP No. 3021, September 26, 1917, p 6.

[184] A Krishna Wariyar, Survey of Kothachira *desam*, Ponnani; G Slater (Ed.), *Some South Indian Villages*, pp 168-69.

[185] H V Conolly to Secretary, Judicial, February 6, 1844; P/326/36, MJP No. 187, March 8, 1844, p 752. See also T L Strange to Conolly, May 27, 1842 quoted in Minute of T. M Lewin, Acting Third Judge, Court of Foujdaree Udalut, June 30, 1842; P/326/21, MJP October 1842, pp 4941-42.

[186] Report of W Robinson, *loc.cit.*, p 4937.

[187] H Wigram, Officiating District Judge, South Malabar, to Chief Secretary, November 8, 1880; Government of Madras, *Malabar Land Tenures*, p 17.

*K K THECKEDATH*

# *Marxism and Quantum Mechanics*

"The electron is as *inexhaustible* as the atom, nature is infinite."
—Lenin, *Materialism and Empirio-Criticism.*

SURVEYING the scientific horizon in 1885 Engels wrote, ". . . natural science has now advanced so far that it can no longer escape the dialectical synthesis." While scientific facts kept piling up at a more and more rapid rate in the subsequent years, there was no attempt at this synthesis. The scientific temper bred in the period of the decline of capitalism demanded no more than make-shift theories and a "a mere collection of wholly or partially successful recipes."

Indeed positivism which is the official philosophy of imperialism denies that science is a means of gaining unified knowledge of the objective world. Since it recognizes imperialism's need for the cultivation of science, under this ideology science is called upon to answer just those particular problems in which the capitalist monopolies are interested and not those problems which are bound up with the future development of science. The result has been that "for years bourgeois science has found itself in a state of chronic theoretical crisis, affecting not only the physical but biological sciences—a crisis of fundamental conceptions."[1]

This crisis is manifested particularly in the foundations of physics, in quantum mechanics (quantum theory) which is that part of physics dealing with the 'fundamental' constituents of the world such as electrons, protons and radiation. Consider, for example, the following statement from J M Jauch at the Varenna Conference of 1970:

> . . . It is a most remarkable fact, with no parallel in the history of science, that although quantum mechanics has become the indispensable basic theory for all of microphysics and for much of macrophysics as well, its interpretation has remained a source of conflict from its inception in the late twenties until today. The epistemological questions associated with the so-called Copenhagen interpretation are so profound and revolutionary that many of the founders of this theory (among them Einstein, De Broglie and Schrödinger) have rejected this interpretation and for many thoughtful physicists of a more practical bend of mind it has remained a kind of 'skeleton in the closet' . . . Such familiar concepts as the physical system, causality and determinism, are all put in question or have acquired a new meaning . . .
>
> Most of all, as has been particularly emphasized by Einstein it is the notion of 'objective reality' of the physical world, the cornerstone of all classical physics, which has become practically obliterated in the new physics. Although it is not clear what exactly is meant by 'physical reality' it is conceivable that the underlying idea of this term could be made precise by physics. The analysis of Einstein, Podolsky and Rosen together with Bohr's reply has made it clear that quantum mechanics is precisely not capable of doing that and according to one's point of view one may find comfort or a source of concern in that situation.[2]

This crisis which is a reflection of the general crisis in science "arises from the fact that the very discoveries of science, the deepening of knowledge of the laws of motion of matter, have proved incompatible with the metaphysical ways of thinking and mechanist categories which were the armoury of science at an earlier stage of its development."[3] It is the aim of this essay to explain in non-technical language the nature of the basic contradictions of quantum theory, to show how they arise from the mechanistic world outlook and to demonstrate how the dialectical materialist approach points a way out of the present situation.

## II

Waves and particles signify two different ways of transporting energy from one point to another: a floating piece of cork can be made to move either by throwing stones at it or by producing waves in the water which will travel to the cork. Since waves and particles have historically represented a basic dualism in physics let us consider some of their properties. Typical properties of particles are mass, position, velocity, momentum (mass into velocity) and energy. For waves we have frequency (number of oscillations a second), wave length (distance from one crest to the next) amplitude and speed of propagation. For a fixed speed of propagation if we increase the frequency the wave length becomes less. If we produce waves at two points simultaneously it might happen that at some places the crests of the first cancel the troughs of the second and we have still water. At other places the crests reinforce each other and we have large oscillations. So we find regions of large oscillations and regions of no oscillation. This phenomenon is called interference.

Considering the fact that light travels in a straight line in empty space Newton supposed that light consists of particles. But light also shows interference properties. Hence physicists accepted Huyghen's postulate that light is a form of wave motion. Measurements of the interference fringes showed that the waves involved are very short, twenty thousand of them fitting in a centimeter. In the nineteenth ceentury it was realized that not only light, but a whole range of phenomena including X-rays, thermal radiation and radio waves belonged to a wider wave phenomenon, namely, electromagnetic waves. All these consist of oscillations of electric and magnetic fields, X-rays differing from light only in the wave length.

## *New Century for Physics*

Towards the end of the last century, however, there were serious difficulties in explaining the distribution of radiation in closed cavities. To explain the way in which different kinds of radiation are distributed in a closed cavity full of thermal radiation it was necessary to study how radiation was absorbed and reflected by the walls of the container. Max Planck was able to explain the distribution by postulating that all transfers of radiation take place in small packets of energy. There cannot be fractional transfers, just as no money transaction can take place in our country of value less than a paisa. The size of each packet of energy depends on the frequency of the radiation, just as the size of the unit of money depends on the form of currency. The size of the packet is given by the simple relation $E = h\Upsilon$ where $\Upsilon$ is the frequency and $h$ is a constant, called Planck's constant. This postulate of the basic quantum of energy was a gift to physics made in the first year of this century.

The quantum postulate that all radiation consists of packets of energy was further confirmed when Einstein used it to explain the photoelectric effect. Assuming that light consists of light quanta or 'photons' he explained how electrons are knocked off when light shines on metals like cesium. But this brought to the fore the old question whether light consists of corpuscles or waves. In connection with this question it must be remembered that Fresnel had shown how the straight line propagation of light can be explained in terms of waves. Also, Hamilton had shown over a hundred years ago how the motion of waves and the motion of particles are similar. Sound waves are reflected by a wall very much as a ball is rebounded. These considerations and considerations of relativity led De Broglie[4] to postulate that with every moving particle is associated a wave. This remarkable assumption of matter waves was verified in 1927 when Davisson and Germer proved experimentally that a beam of electrons showed the same diffraction pattern as a beam of light. While the question whether light was also corpuscular was being debated, it was shown that matter itself had wave properties. The fringes that electrons exhibited clearly pointed out that waves were involved. Schrödinger re-examined the work of Hamilton and wrote down the equation of the waves associated with matter. Just as water waves can be described by saying how the height of the water changes with time and place, Schrödinger's equation shows how a certain quantity $\psi$ (psi) changes with time and place. Schrödinger's equation has proved very successful in showing how electrons get distributed in fringes when they are allowed to fall on, say, a photographic plate. Schrödinger did not say what the quantity $\psi$ measured, what property of the particle was represented by $\psi$. It was Born who gave the probability interpretation of $\psi$. He said that the square of this quantity measured the probability of finding the particle at a given position. Since the word 'probability' was also used to indicate a lack of certainty, idealists immediately jumped to the conclusion that matter had disappeared into waves and these waves were of the substance of knowledge of idea.

## *Mechanistic Indeterminism*

At this stage we must mention the famous 'uncertainty principle' of Heisenberg. Heisenberg pointed out in 1927 that the knowledge we may obtain about a small system like an atom will always involve a peculiar 'indeterminacy.' This arises from the very process of measurement. Suppose we want to measure the position of a small particle, say an electron. To observe the electron we must shine a light on it. Since light has a wave nature, the image will be blurred. To get a sharp picture, that is, to examine the position more accurately, we must use light of a very short wave length. But short wave lengths, as we have seen, are associated with high frequency. Now the corpuscular nature of light comes in. The higher the frequency, the higher is the energy of the photon. This photon disturbs the electron in an unpredictable manner. Since light with higher frequency introduces a greater disturbance and hence greater inaccuracy in the velocity or momentum of the particle, we are faced with the following situation: if we want to reduce the inaccuracy in the position the inaccuracy of the momentum is increased. If dq is the inaccuracy in the position q and dp is the inaccuracy of the momentum p then the product of these quantities dq. dp is of the order of h which is the same (Planck's) constant. This means that we can never know accurately both the position and momentum of a particle.

Heisenberg's principle gave a shattering blow to Laplacian determinism. Giddy with the success of Newtonian mechanics Laplace had declared:

> Given for one instant an intellegence which could comprehend all the forces by which nature is animated and the respective situation of the beings who compose it—an intelligence sufficiently vast to submit these data to analysis—it would embrace in the same formula the

movements of the greatest bodies of the universe and those of the lightest atom; for it nothing would be uncertain and the future as well as the past would be present to its eyes.

By Heisenberg's principle, since it is not possible to know the position and momentum simultaneously of every particle, such determinism is ruled out. But what replaced the mechanistic determinism of Laplace was mechanistic indeterminism.[5]

Now it must be understood that the uncertainty of position and momentum does not arise merely from the fact of measurement. It arises from representing the particle by a wave. For a wave is extended in space this gives rise to a lack of certainty of the position. To make the wave a localized phenomenon it is to be expressed as a sum of its (Fourier) components with a *range* of frequencies and this gives an uncertainty of momentum. The positivist influence was not slow in persuading physicists to give up altogether the concepts of position and momentum in the realm of small particles. It became the fashionable thing to speak purely in terms of the equations which described the processes and the formalism involved. Thus position and momentum were represented by certain mathematical operators which were to be manipulated according to certain rules. All attempts at arriving at a genuine understanding of the underlying processes were given up. This movement was led by Bohr and Heisenberg (Copenhagen school).

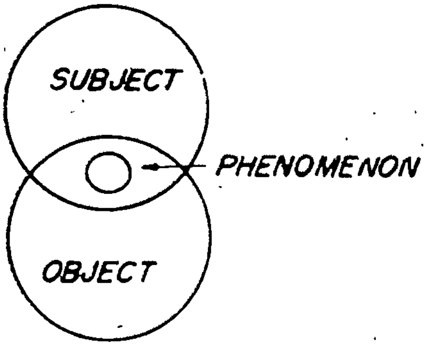
## *Positivism in Crisis*

Another reason for giving up the attempts at understanding the processes was the fact that in the new circumstances it was impossible to have a causal development of the particle. A causal theory, it was felt, should enable one to *predict* the future development of an object from the knowledge of its earlier state. It was this implicit faith in the equation "Causality = Prediction" together with the limitations imposed by the uncertainty principle that finally forced the majority of physicists to give up causality. Another similar equation "Causality = Determination" clinched the issue. The world is in essence lawless when one looks at microscopic phenomena. The only laws we have are of a statistical nature. With an electron is associated a wave which gives us the probability that it will be found in a given region. Since we cannot predict where exactly it will eventually fall, it is also not meaningful to ask, after it has fallen somewhere, why it did fall there. It is also not permissible to ask why a particular radium atom disintegrates. The only question that science is expected to answer is: what is the chance that a radium atom will disintegrate in a given time? Such was the degeneration to which positivism led bourgeois science.

Was it possible that this was a temporary feature of quantum theory and that a more complete quantum theory would be able to give a causal description of particles? Was it possible that we were missing some variables in our description and that when we introduce these 'hidden variables' we could give a more complete quantum theory? This question was answered in the negative by von Neumann in 1933. There cannot be a more complete quantum theory. Quantum theory as it stood was complete. There was no scope for hidden variables. Our fate is that we have to be content with a 'God who plays dice'. It is not a coincidence that this decadent view came at precisely the time when the capitalist world was being torn by the great economic crisis.

The major problem of the theory was the intrusion of the subject in all phenomena and the consequent 'obliteration' of objective reality. This arises in the following way. Consider an electron coming out of a slit and impinging on a photographic plate. What we know about the electron before it strikes the plate is its wave. This tells us the probability of finding the particles at different positions. There is a chance of finding it anywhere on the plate. But the electron does not spread itself out like butter on a slice of bread. It actually strikes somewhere say at A. The moment we know that it has struck at A, the probability of finding it at another point B is nil. There is a reduction of the wave and the probability distribution becomes: certainty at A. It is the fact of observation that makes the wave collapse into a certainty at A. The observed cannot be separated from the observer. Subject and object are rolled up into one unanalysable unit. (Figure I). There are no phenomena independent of the observer. Objective reality has evaporated.

FIGURE I



The subject-object relation in the usual interpretation of the quantum theory: the two make up an unanalysable unit, in the midst of which the phenomenon takes place (provided the experimenter deigns to conjure it up).

SOURCE : Mario Bunge, *Causality*, Harvard University Press, 1959, pp 347 and 349.

## III

## *Paradoxes for 30 Years*

Before we examine the roots of the Copenhagen interpretation in the mechanistic world outlook and submit the problems to a Marxist analysis, it must be pointed out that there were serious objections even among the quantum physicists to this doing away with reality. These physicists, among whom the leaders were Einstein, Schrödinger and De Broglie, also objected to a purely statistical interpretation of phenomena. The paradox of Einstein, Podolsky and Rosen is particularly easy to state. Supposing a molecule (consisting of two atoms) which is initially not rotating breaks up into its two constituents which fly apart. If we know the angular momentum or amount of turning of one of the two constituents then the angular momentum of the other is also known by the classical law of conservation of momentum. Now the quantum mechanical description is as follows. The system has a probability for all sorts of *correlated* values of the momenta. The moment the observation is made on one particle this automatically forces the probability distribution of the other particle to be reduced to a certainty—no matter how far apart these two particles may have separated by then. According to Schrödinger, "only *magic* could explain this phenomenon, and *magic* is, in fact, the only way to describe it."[6]

In spite of these paradoxes, the success of the formal theory in 'explaining' various phenomena gradually made it the accepted quantum theory among the large majority of scientists. Various dodges and artifices were invented to explain away these paradoxes, and even some of the opponents like De Broglie were "seduced by the current fashion...to perform a similar set of mental acrobatics."[7] This in spite of the fact that De Broglie himself had proposed a causal theory early in the twenties. The result was that for almost thirty years this was the only quantum theory. The situation was changed only in 1952 when the Marxist,[8] David Bohm, came up with a consistent causal theory of quantum mechanics in terms of hidden variables.

## IV

### *Mechanistic Materialism*

Mechanistic materialism which was the ideology of the rising bourgeoisie arose and developed in opposition to feudal ideology. Natural philosophy of the feudal period tried to explain everything in nature "in terms of its proper place in the system of the universe, in terms of its supposed position of dependence and subordination in that system, and of the end or purpose which it existed to serve."[9] On the other hand, to the mechanistic materialists the world consists of separate material particles interacting in accordance with the laws of mechanics. Each particle is separate and distinct from every other; in their totality they form the world; the totality of their interactions forms the totality of everything that happens in the world; and these interactions are of the mechanical type, that is to say, they consist simply of the external influences of one particle upon another. The world is regarded as a complex piece of machinery.

Maurice Cornforth says:

> In order to find how the limitations of the mechanistic approach can be overcome we may consider first of all certain extremely degmatic assumptions which are made by mechanistic materialism. Mechanism sees change as having at its basis permanent and stable things with definite, fixed properties. . . According to mechanism, if you could state the position, mass and velocity of every particle at a given in-

> stant of time, then you would have said everything that could be said about the world at that time, and could, by applying the laws of mechanics, predict everything that was going to happen afterwards... We need to reject this assumption. For the world does not consist of *things* but of *processes*, in which things come into being and pass away. And nature's process is, moreover, infinite: there will always be fresh aspects to be revealed, and it cannot be reduced to any ultimate constituents. 'The electron is as inexhaustible as the atom, nature is infinite' wrote Lenin.
>
> The second dogmatic assumption of mechanism is that no change can ever happen except by the action of some external cause. The third dogmatic assumption(is)... all happenings whatsoever can be reduced to and explained by mechanical motion of particles. The last dogmatic assumption is that...each of the things or particles...has its own fixed nature quite independent of everything else.[10]

In short, the world satisfies the following characteristics of a piece of machinery: A mechanism consists of permanent parts which fit together, it requires a motive force to set it going, and once set going the parts interact and results are produced according to laws which can be *exactly stated.*

## *Materialist Dialectics*

As Mao Tse-tung points out,

> Contrary to the metaphysical (mechanistic)world outlook, the materialist dialectical world outlook advocates the study of the development of things from the inside, from the relationship of a thing to other things, namely that the development of things should be regarded as their internal and necessary self movement, that a thing in its movement and the things around it should be regarded as interconnected and interacting upon each other. The basic cause of development of things does not lie outside but inside them, in their internal contradictions. The movement and development of things arise because of the presence of such contradictions inside all of them. This contradiction within a thing is the basic cause of its development, while the relationship of a thing with other things—their interconnection and interaction—is a secondary cause. Thus materialist dialectics forcefully combats the theory of external causes, or of propulsion, advanced by metaphysical mechanistic materialism and vulgar evolutionism. It is evident that purely external causes can only lead to the mechanical motion of things, that is to changes in size and quantity, but cannot explain why things are qualitatively different in a thousand and one ways and why things change into one another..."[11]

However Lenin stated: "Does materialist dialectics leave external causes out of account. ? Not at all. Materialist dialectics considers external causes to be the condition of change and internal causes to be the basis of change, external causes becoming operative through internal causes."[12]

## V

### *Orthodox Theory under Scrutiny*

The first thing we observe about the orthodox quantum theory is that there is a mechanistic equation of the uncertainty principle with indeterminism or lack of determination or interconnection between phenomena. Even assuming that only a causal theory of elementary particles is known, it does not follow that determination of things is ruled out. As Lenin put it,[13] "Causality, as usually understood by us, is only a small particle of universal interconnection..." Orthodox quantum theory definitely has laws, statistical laws, which indicate interconnections at a sub-quantum level. However, the metaphysical mechanist was searching for the *motive force that set the machine going.* Thus we have Walter Heitler declaring with a sigh of relief: "But what is clear is that the new situation, with which we are confronted in quantum mechanics, has *created room* for an approach to the problems of life, (and other domains of human thought) which is chained not to the deterministic views of classical physics"[14] The reactionary role of positivism is clearly manifested in such attitudes.

We have seen how the mechanist view considers that the laws to which the world conforms can in principle be known *exactly:* It is this implicit faith in the finality of the laws of nature that characterizes mechanistic materialism. It does not recognize the qualitative infinity of nature. It does not recognize, as does dialectical materialism, that "the measure of truth about anything which we can achieve at any particular time, and how—in what terms and how adequately—we express it, depends on the means which are available at that time for discovering and expressing truth."[15] Truth is correspondence between ideas and objective reality. But such correspondence is generally only partial, and approximate. "The laws which science gives certainly reflect objective processes; they correspond to the real motion and interconnection of things in the external world. Yet science has established few laws which can claim to be absolute truths."[16]

Is the principle of uncertainty one such absolute truth? Yes, say the mechanists. Even Einstein thought so. In his "Reply to Criticisms" he says regarding Heisenberg's principle, "...the correctness of which (it) is, from my own point of view, rightfully regarded as finally demonstrated."[17] If we examine the arguments leading to the principle of uncertainty it will be seen that it vitally depends on the quantum postulate. We recall that when we want to observe the position of the particle accurately we use high frequency radiation. This produces a disturbance which cannot be less than that due to a quantum of energy. This is because there cannot be a smaller transfer of energy than one quantum. For a mechanist this is final. But not for the Marxist. The qualitative infinity of nature suggests that the quantum is also as inexhaustible as the atom. The atom which was supposed to be indivisible (hence the term) was later seen to be made up of constituents. The number of these 'elementary particles' is causing a bit of embarrassment to quantum theory. Why should it not turn out that the quantum would also reveal a similar inner structure?

### *Causal Interpretation*

David Bohm put quantum theory to such an analysis. All earlier attempts to give a causal theory in the twenties had been spurned by the ruling Copenhagen school. Bohm reconsidered some of these attempts. In a series of three profound papers[18] in 1952-54 he presented a consistent causal theory in terms of hidden variables. He demonstrated that von Neumann's theorem which ruled out such a theory was itself passed on with some postulates of orthodox quantum theory.[19] Emboldened by the existence of such a causal theory, physicists like De Broglie who had joined the other side and remained with them for twenty-five years, came back. With the active cooperation of Vigier he tried to develop his own earlier theory 'of double solutions'. The casual interpretation permits an unlimited number of new physical models according to which the usual theory is an approximation just as physical mechanics is an approximation of the usual quantum theory.

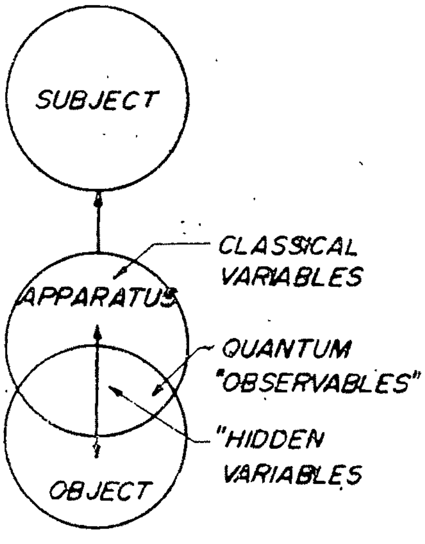
Consider Brownian motion. If small particles like pollen grain are suspended in water and observed under a microscope, they exhibit random motion. This was first observed by the botanist Brown. The path of the particles consist of broken zig-zag lines. How does this arise? To explain this phenomenon we have to go below the level of these particles to the level of the molecules of water. The water molecules have thermal motion. They bump against the pollen grains and give them this 'unpredictable' motion. For a person who is not prepared to go below the level of pollen grain for ideological reasons, here is the ultimate fact: the random motion of the particles. The motion of molecules represent hidden variables which cannot be observed at his level.[20]

Bohm realized that to explain the statistical laws of quantum theory one has to go to the subquantum level. He also recognized that *internal* causes are to be investigated and a description of particle motion purely in terms of external forces such as the electromagnetic will not suffice. He postulated that in addition to the external forces acting on a particle like an electron there was also an internal quantum force field. This was a self force. The quantity $\psi$ of Schrödinger which had not been given any physical significance so far was shown to represent this internal force. While the particle moved in the electromagnetic external field, its path was perturbed by this subquantum mechanical force. Madelung had in the twenties given a picture of the motion of particles in terms of fluid motion and vortices. Bohm and Vigier took up this hydrodynamic model and by introducing the hypothesis of a very irregular and random fluctuation in the motions of the fluid they were able to prove that an arbitrary probability density ultimately decays into the square of $\psi$ as demanded by the usual theory. It is postulated that Schrödinger's equation is itself an approximate relation and a more accurate relation would be having some non-linearity. Only such a theory would be able to account for the plethora of particles discovered in atomic processes. Bohm's theory gives all the results of the usual quantum theory, and in fact coincides with the usual theory in all its relations at the levels so far observed. But it differs from the usual theory in the level of details and makes certain predictions in the realm of very high energies and very short distances (of the order of a millionth of a millionth of a millimeter).

### *Physics Rescued*

Bohm's work rescued physics from the sterility which positivist ideology had injected into the whole of western science. The large volume of research[21] along the lines of causal interpretation which followed testifies to this. But more important, Bohm rescued physics from the subjectivist degeneration that the Copenhagen interpretation led to. By giving a physical reality to $\psi$, he brought it back to physics. By approaching the uncertainty principle as a technical limitation imposed by the particular historical stage, he showed how the subject-object relation can be put in the proper way (Figure II).

FIGURE II



The subject-object relation in the causal interpretation of quantum mechanics: the two physical systems (object and apparatus) that interact are external to the observer (subject), who does not conjure phenomena out of nothing but can control them statistically.

SOURCE : Mario Bunge, *Causality*, Harvard University Press, 1959, pp 347 and 349.

He also rescued physics from the popularizer-charlatans who are for ever looking for 'room' to smuggle in their idealist fancies. Arthur Koestler[22] finds it significant that the letter $\psi$ used in Schrödinger's equation is also the first letter in the word 'psyche'! Maurice Cornforth says:

> Imperialism needs the services of its scientists, and it also needs the services of its priests. By its very limitation of the field of scientific knowledge—which it derives in a direct line from the philosophy of

> Bishop Berkley—positivism so interprets the discoveries of science that they cannot conflict with or overset the essential teachings of religion. ...Positivist philosophy not only disarms science in the fight against obscurantism, but it makes science itself preach obscurantism. The scientist becomes not only no opponent of the priest, but his auxiliary —and his substitute. In the name of science and scientific philosophy theories are put forward which essentially distort and mystify our conceptions of the world and of human relationships and activities.[23]

The dodges and artifices which were invented to come out of the paradoxes of orthodox quantum theory look curiously like the cycles and epicycles of the old geocentric theory of the universe. Bohm says that the present crisis in the orthodox theory shows that a complete break is required from the mechanist ways of thought. Quantum theory is an indication of a new order in physics:[24] But a perception of that order is only possible if we approach the issues from the dialectical materialist point of view.

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[1] Maurice Cornforth, *In Defence cf Philosophy*, Lawrence and Wishart, London 1950, p 246.

[2] J M Jauch in B D' Espagnat(Ed.) *Foundations of Quantum Theory*, Academic Press, 1971,

[3] Murice Cornforth, *op. cit.*

[4] De Broglie, *New Perspectives in Physics*, Oliver and Boyd, 1962.

[5] David Bohm, *Causality and Chance in Modern Physics*, Routledge and Kegan Paul, London, 1957.

[6] De Broglie, *op. cit.*

[7] *Ibid.*

[8] Heinar Kippardt, *In the Matter of J Oppenheimer*, Methuen, 1968, pp 34-35.

[9] Maurice Cornforth, *Dialectical Materialism*, National Book Agency, Calcutta 1971, p 26.

[10] *Ibid.*

[11] Mao Tse–tung, "On Contradiction", *Selected Works*, Vol II, People's Publishing House, 1954, pp 15–16.

[12] V I Lenin, "Philosophical Notebooks", *Collected Works*, Vol 38, Foreign Langages Publishing, House, Moscow 1963, pp 159-160.

[13] *Ibid.*

[14] Walter Heitler, "The Departure from Classical Thought in Modern Physics" PA Schlipp (Ed.) *Albert Einstein, Philosopher Scientist*, Tudor Publishing Company, p 197.

[15] Maurice Cornforth, *Dialectical Materialism*, p 26.

[16] *Ibid.*

[17] Albert Einstein, "Reply to Criticism" PA Schlipp (Ed.) *Albert Einstein, Philosopher Scientist*, Tudor Publishing Company, p 666.

[18] D Bohm, *Physical Review 85*, 1952 pp 166 and 180; and D Bohm and JP Vigier, *Physical Review 96*, 1954, p 208.

[19] D Bohm, *Causality and Chance in Modern Physics.*

[20] *Ibid.*

[21] In addition to 18 above, D Bohm and Aharonov, *Physical Review 108*, 1957, p 1070 and *Nuovo Cimento 17*, 1960, p 964; D Bohm, *Physical Review 122*, 1961, p 1649; D Bohm and J Bub, *Review ot Modern Physics 38*, 1966 pp 453-469, 470 and *Review of Modern Physics 40*, 1968 p 232, TB Day, *Physical Review 121*, 1961, p 1204; S P Gudder, *Journal of Mathematics and Physics 11*, 1970. p 431; DR Inglis, *Review of Modern Physics 33*, 1961.

[22] Arthur Koestler, *Roots of Coincidence*, Hutchinson, London 1972.

[23] Maurice Conforth, *In Defence of Philosophy*, p 246.

[24] David Bohm, "Quantum Theory as an Indication of a New Order in Physics", B D' Espagnat (Ed.) *Foundations of Quantum Theory*, Academic Presss, 1971, pp 412-469.

# *NOTE*

## *Informational Basis of Indian Planning*

AT the very outset, it is necessary to recognize that, except for a brief period between 1955 and 1958, there has been no planning of economic activity in India, This is not saying that nothing whatsoever has been achieved on the economic front. It is, nevertheless, necessary to be very clear that some measure of economic progress and certain activities undertaken directly by the government do not by itself constitute economic planning. In order to ensure that a country has undertaken planned economic development, it has to be demonstrated that certain achievements have taken place, which would not have been made in a free market economy.[1] It may be argued that many of the government sector productive units, which run at a loss, would not have been undertaken if the departure from free pricing had not become a part of the system. This argument, nevertheless, is inadequate insofar as the loss is the result either of sheer inefficiency or of a government policy to pay for the production from the general revenue (instead of producing an enterprise level surplus) or of a combination of both. Most of such undertakings could have been run on a profit basis were it not for some muddle-headed thinking.

### *GNP and Investment*

Planning preconceives a departure from resource allocation in terms of market prices. In turn, this has two specific implications. The first is that production decisions are deliberately taken with the view that benefits accrue after a longer period as compared to decisions taken from an individual viewpoint. In other words, cognizance is taken of the generally accepted notion that the social rates of discount or interest are substantially lower than the individual rates of discount. The second implication is that scarcities as indicated by current relative prices are not permitted to affect allocation decisions irrespective of whether such decisions affect productive resource allocation between different types of goods and services, at any particular moment of time, or between the present and the future, or for that matter, of any combination of the two. It follows from these two implications that a much larger part of the current national product would normally be diverted to investment, and that too in heavy industries, when an economy is being planned for development.[2]

In India, nothing of this kind has happened over more than two decades of planning since 1951. The proportion of national income saved has remained around six per cent. If investments have, during certain periods, reached 11 per cent, it is almost entirely due to borrowings from abroad and/or foreign assistance. There have been, therefore, no determined official campaigns to change society's attitude to consumption and savings and therefore to growth. As a matter of fact, most of the growth that has taken place has in fact come about in spite of government policies and activities. The fact of growth and government activities working in opposite directions has taken many diverse forms. For instance, the realized benefit-cost relationship both for the Damodar Valley Corporation and the Bhakra-Nangal Project has been much lower than anticipated. The relative failure of DVC and Bhakra-Nangal at the enterprise level, has, however, not prevented farmers and others from benefiting quite extensively from these investments, which ensure the maintenance of sub-soil water levels in spite of extensive pumping. As against this, the operational effect of industrial licensing policy has led to effective as well as pre-emptive permissions hindering industrial development.

## *Unaccounted Leakages*

The list of such leakages can be extended *and infinitum.* For instance, it is well known that there is a considerable amount of under-invoicing in respect of Indian exports, which may involve as much as 25 to 30 per cent of the potential export earnings. By contrast almost every kind of prohibited goods including gold the import of which is formally banned, flows into the country with reasonable freedom. The estimated stock of currency derived from tax-avoided income may be about Rs 2500 crores.[3] If the turnover on this so-called 'black money' is of the order of 2 or 2.5, the transactions, for which the national accounts keep no record, would be between Rs 5000 and 7500 crores. For 1969 -70 this would form more than 20 per cent of the national income, even if the lower transaction velocity figure is accepted. The estimated direct tax annually evaded may be of the same order of the total collections against this head to the tune of Rs. 500 crores per annum.[4] A smaller rate of evasion does not square with the increase in population, rise in prices and the increase in income as officially admitted, even when adjusted for exemption and permissible deduction rules as modified from time to time.

## *Inadequate Calculation Procedures*

It is also well known that the procedure followed by the Central Statistical Oranization (CSO) for calculating national income or any of its associated aggregates suffers from several major limitations. The most important of this is that, as a definite lower limit, something like 23 per cent of the national income originating from : (i) unregistered manufacturing, (ii) construction, (iii) unorganized transport and communications,

(iv) transport by other means, and (v) other services are not estimated at all.[5] The figures published in the National Income White Paper follow certain conventions assumed by CSO, as recommended by the National Income Committee, subject to minor modifications as marginally greater data became available. Similarly, it is well known that there is no information on the working force that is associated with the activities of these or many other sectoral incomes, and these unchartered sectors are the only ones where the additional working force(which expanded very substantially during the 25 years or so of planning) must have gone into, as the working force absorbed in the other sectors is not only reasonably well known but also known to have absorbed a comparatively small proportion of the growing working force.[6] If the White Paper estimates of income generated from the subsidiary sectors were taken to be correct, the fall in the per capita income in these sectors would have to be very substantial. It would also lead inexorably to the somewhat odd hypothesis that inspite of the very substantial fall in the sectoral per capita incomes, these subsidiary sectors could attract all the extra working force. It is difficult to accept such a phenomenon as a reasonable economic behaviour.

## *Agricultural Income Computation*

The income of the largest sector, namely agriculture, representing as much as 47.4 per cent of the total income during the year 1969-70, is likewise known to be curiously derived. On every count, the estimate is based on the gross income generated by some of the major products that are usually classified as being agricultural. The nature of the available statistics is such that this income cannot, in effect, be specifically attributed to any identifiable member of rural households. It is denfinitely not the total income of the total number of agricultural households. The only firm base of information in this regard relates to 15 or so major crops. Even on what may be regarded as the cost of cultivation of these crops, from the standpoint of the agricultural households, almost no reliable information of any quality is really available. As regards the minor products and household incomes from those sources there is no reliable information at all. In consequence, no dimensional picture that may be called an estimate can possibly exist in respect the minor crops including products based on collection. It is hopefully expected that the income from sources other than the major products would be a small and a constant fraction of the total agricultural income. It is possible, even probable, that this is not so.[7] One cannot leave this subject without referring to a trick of statistical witchcraft by which the manureal value of the compost produced by the cattle population and the value of the fodder, which do not move through the market, are equated and cancelled against each other for the purposes of consolidating the income generation from agriculture and animal husbandry (at least for that part where they are inexorably mixed).

At the present moment, there is a great deal of furore about rising prices. It remains a strange fact that in respect of our knowledge regarding prices for various commodities we are by and large exactly where we were in 1951, when planning was initially taken in hand. Apart from a structural change in respect of working-class consumers' prices for 58 urban centres, based on new household surveys carried out during 1958, and in respect of which new index numbers from 1960-61 is generally available, the major source of information in respect of price changes is the Economic Adviser's Index of Wholesale Prices.[8] There is, in addition the so-called district harvest prices for the principal agricultural commodities. Unfortunately no one in India looks closely into the figures once some suitable aggregate indicator becomes available in print particularly from official sources. In consequence, almost all discussions on prices are based ultimately on the Economic Adviser's Wholesale Price Index Numbers. It would be difficult to convey, to the uninitiated, the character of the price changes represented by this series. In the first place, prices of only hundred or so different commodities collected at different centres on a weekly basis from all over India are converted into this Index. Weights of the Lasperyre's type are built in on the basis of the number of quotations for various commodities. There is nothing structurally wrong about this, except perhaps that the same price index based on *current weights* shows price changes markedly different from the present series.

## *Planners in the Dark*

The trouble with index numbers as indicators of price changes does not however arise from base year selection, weights or such other textbook specifications regarding their construction. The principal difficulty stems from problems connected with the collection of reasonable price quotations for the commodities specified.[9] A casual scrutiny of the weekly publication issued by the Economic Adviser shows numerous examples of a variety of shortcomings on this count. They range from failure to collect quotations, to repetition of previous week's quotations and collecting quotations for an obviously different commodity. There can be no doubt that under conditions of shortage sustained by inflationary demand generation, the Economic Adviser's Index substantially conceals price rises in the form of quality changes including the extent of adulteration. One is driven to the conclusion that really nothing is known about the real price changes. Neither is there any possibility of discovering shifts in the terms of trade between different categories of economic activities, classified either by sectors or by regions, on the basis of the Economic Adviser's Index Number of Wholesale Prices in India. One fails to understand what kind of information or knowledge is supposed to be conveyed by the figures officially published as wholesale price index number for the country.[10] It is difficult to imagine anybody benefiting in any way, least of all the planners, from these figures.

Nothing that has been said is designed to discredit quantitative economic thinking and planning of the country's economy. On the contrary, the purpose is to point out that if the market price relationships, as encountered by individual transactors, are to be replaced by firm estimates of physical relationships geared to production targets, the first vital obligation on any government engaged in such a task is to organize the collection of sufficiently accurate information that enables it to act with reasonable certainty. A government which fails to ensure that it gets to know what is happening in the country in fairly accurate detail, cannot possibly take consistent or harmonious decisions. In the absence of such information, it it is futile to discuss the plans in general or the structure and strategy of the fifth year plan in particular. By failing to ensure that it has adequate information for undertaking planning, the Government of India has ruled itself out of the court insofar as planned economic development is concerned.

## *Hedonistic Principle and Inequality*

Some mistakes about the role of quantitative information appears to have a tenacious hold on the minds of men. Informational items in books and journals are not necessarily accurate. The crux of the point, however, is that knowledge must exist whether it is recorded in books or not. The failure of planning in India does not stem from any lack of theoretical knowledge, but on the fact that a vast majority of the population has neither the knowledge nor the curiosity about the process in which the real world operates. In consequence, non-literary factual know-how does not develop. This is not primarily a matter of literacy, but of detailed knowledge about the real world. When a large number of people do not feel interested in innovating methods for getting things done, reams of paper serve no purpose whatsoever. It is this quality or lack of quality that makes planning in India next to impossible. What is required to be known specifically is who are the people who can, if terms of trade favour them, generate economic development. This is exactly what Ricardo saw through. The same may be said of Lenin. For this purpose, it is important that the government should take a firm decision as to which section of the community can be depended upon to act as the engine of growth. Unfortunately, due to the heterogeneous nature of the country, the idiom of political economy makes it impossible to be firm about the policy that any government intends to follow. However much the hardship, a policy once decided must be followed through. This is a discipline that the community must accept. Unfortunately, in a political atmosphere of scarcity, individuals or groups of individuals seek to safeguard his or their own interests.[11] This is exactly what should not happen in a planned economy. Under the circumstances, it would be correct to say that India is not undertaking any kind of planned economic development. There is hardly any effort in that direction at all.

It is, however, equally true that a disproportionately large effort for more and more accurate quantitative information in order to measure, say, a category like poverty is a comparatively trivial and meaningless proposition, as compared to action for the amelioration of poverty.[12] It is nevertheless necessary to identify the nature and location of poverty in order to be able to undertake meaningful action for its amelioration. It is also necessary to recognize that proposals for once-and-for-all transfers are futile and useless besides being quantitatively of little significance. It is, therefore, clearly necessary to understand the economic forces that tend to generate or perpeturate inequality. The experience of world economic history seems inconsistent with the hypothesis that the degree of income inequality, at any particular moment of time, can be explained by the historical sequence of initial holding of wealth. If it is reasonably certain that a process of sustained growth can be maintained without generating inequality, the entire problem may by resolved by a comparatively trivial act of holding the entire stock of reproducible tangible wealth on government account.[13]

### *Wrong Assumptions of Growth*

Under the circumstances, there seems to be no alternative but to accept the conclusion that there is something trivial, foolish and circular about the theory of income distribution based on marginal productivity of factors of production. As a matter of fact, it is difficult to see why the economists should try to discuss the matter in terms of factors of production rather than in terms of marginal productivity of inputs. *Prima facie*, it does not make sense to talk of labour and capital as two different factors of production, whose rewards are determined by their marginal productivity. Apart from the theoretical difficulty posed by the proposition that, if the production function is of the Cobb-Douglas type, and if the correlation between two such factors is zero, then one of them is not a factor; and alternatively, if the correlation co-efficient between them is -1, one of them is redundant. The entire formulation leaves the question of size distribution of income totally untouched.[14] Further, irrespective of the ownership of capital, it appears to create the illusion that labour associated with a larger quantity of capital is more productive. This is probably because the cost of work stoppage is obviously higher, the higher the quantity of capital that is associated with a labour force.

On the other side of the coin, the characteristies of backwardness, underdevelopment and poverty originate not entirely in current imperialist-Third World relationships but mostly from internal contradictions of the Third World itself. While, therefore, it is human to be concerned about the poor it is neither logical nor sensible to regard that the only solution of the problem of poverty lies in organized subsidy and that the poor have no active role at all.[15] An excessive concern about the down-trodden and the poverty-stricken is a brand of paternalism at its worst. The sudden preoccupation of the planners with poverty and inequality also displays a kind of topsy-turvy thinking in which the primary assumption seems to be that the masses have nothing to do with planned economic development of their country.[16]

## *Why Plans Fail*

To put the threads of the thinking together, the principal reason why planning may be said to have failed in India is that the relationship between the people and the government has not been clearly sorted out in a reasonable and purposeful way. It has been assumed, without factual basis, that the government can and will assist the people in a manner that improves the living standards of all classes without their having to change ways of living in any way. In turn this assumes that the government has powers to modify the economy without modifying the people and also that the government, in spite of being democratically chosen, is so completely independent of the people who expect that everything will be done for them. What the structure of such a mythical all-powerful government must be and what are the instruments through which it is to deliver the goods, have never been clearly spelt out in the process of planning in India. Hence it is that India manifests the curious phenomenon of plans well drawn up but improperly executed.[17] The only serious conclusion that can be sustained under the circumstances is that there is a complete lack of knowledge and understanding regarding the means and ends in respect of economic development in the society itself, a fact that is in turn fully reflected in the government.

KSHITIMOHON MUKERJI

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[1] E Lipson, *A Planned Economy or Free Enterprise: Lesson of History,* 1944, pp 257-60.

[2] Abram Bergson, *Soviet Economic Growth, Conditions and Perspectives,* p 28.

[3] Government of India, Ministry of Finance. *Direct Taxes Enquiry Committee, Final Report,* December, 1971, pp 6-8.

[4] Government of India, Central Statistical Organization, *Proposals of a Revised Series of National Income Estimates for 1955-56 to 1959-60.* Ch VIII pp 108-16; Ch XI pp 127-35 and Ch XII pp 136-42.

[5] N Kaldor, *Indian Tax Reform: Report of a Survey,* 1956, p 105.

[6] K Mukerji,"Small Enterprises during the Five Year Plans", *Khadi Gramodyog,* October 1964, pp 78-84.

[7] Government of India, CSO, *Final Report of the National Income Committee,* 1954; also Kaldor, *Indian Tax Reform,* p 105.

[8] K Subramaniam, *Guide to Indian Official Statistics.*

[9] K Mukerji,"On the Use of Consumer Price Index Number", *Journal of Labour Institute,* Bombay.

[10] Government of India, "Economic Adviser's Wholesale Index Number of Prices" published weekly.

[11] M Weiner, *The Politics of Scarcity, Public Pressure and Political Response in India,* 1963, p77.

[12] J Kuezyuski, *The Conditions of the Industrial Workers in the English Colonies,* (Selected English translation of German original on economic history).

[13] V M Dandekar and N Rath, *Poverty in India,* 1972.

[14] M Besug, *Economic Theory in Retrospect,* 1962, p 302.

[15] K Mukerji, *Socialist Transition in India,* (mimeographed) paper submitted to a seminar in Poona,held under the auspices of the Fergusson College and the Samaj Probodhan Sanstha, January 1973.

[16] Government of India, Planning Commission, *Approach to the Fifth Plan 1974-79,* January 1973, p 17.

[17] P C Mahalanobis, Review article on G Myrdal, *The Asian Drama, Economic and Political Weekly.*

# *COMMUNICATION*

## *Science Policy for National Development*

*The Scientific Workers' Association of the Council for Scientific and Industrial Research (CSIR-SWA) in its fifth annual council meeting, held at Jamshedpur on 6 and 7 July 1974, came out, through the following resolution, with a declaration on science policy for the country. This document received from K R Bhattacharya, President, CSIR-SWA deals succinctly with some of the issues discussed in the previous numbers of the* SOCIAL SCIENTIST.

SINCE independence, and even earlier, our national leaders have rightly stressed the importance of science and technology (S & T) for national development and emancipation of the masses. Especially under the guiding inspiration of Pandit Jawaharlal Nehru, S & T in independent India received increasing attention and massive outlay. Institutions of science teaching and of research and development (R & D) have proliferated phenomenally during the last quarter of a century. The outlay on R & D has increased enormously till today it approximates 0.5 per cent of the GNP.

All this has been done on the premise that (a) propagation of S & T will bring about a change in the attitudes and outlook of the people, more conducive to rationality and development, while at the same time (b) S & T will also provide the hardware and know-how for the economic development of the country and material well-being of the people.

Unfortunately these expectations have in many ways not been fulfilled. The way we have conducted our science teaching and research, we have totally failed in carrying the knowledge of science and the message of innovation and rationality to the people. The vast masses remain as ignorant of science, of its potentiality and youthful vigour as ever before, largely because science has remained by and large an élitist institution, divorced from and having no interaction with the life and problems of the masses. Even among the professionals and institutions, our conduct of science has failed to instil its 'temper.' This failure is manifested in the irrational attitudes and values, the race for advantage and the endemic quarrels and intrigues.

## *Foreign Collaboration*

As for S & T's material contribution, the picture is again bleak. Practically the entire industry in the country is based on foreign technology and hardware. Even such trivia as soft drinks, chewing gum and ladies' undergarments are often made with foreign collaboration. Our agriculture too—with its current emphasis on mechanization, fertilizer, pesticide, all at present ultimately dependent on aid and collaboration—has now come under foreign grip. Whatever the reason, our own technology rarely finds application anywhere.

And the reason too, is not far to seek. Collaboration and foreign brand name, as shown by K K Subrahmanian of the Sardar Patel Institute of Economic and Social Research, enable an industry easily to mobilize resources, secure licence, and monopolize the market. And, as one former I C S Secretary (K K Dass) has recently disclosed, the entire administrative machinery works for aid and collaboration and against local initiative, for these bring great personal bounties to all concerned.

What havoc foreign collaboration (plus aid and investment) has caused is now gradually becoming clear from a number of careful studies, especially by K K Subrahmanian. It has been shown that collaboration has not only led to excessive drain of wealth from the country and inefficiency in our industry, it has also acted as a powerful barrier against local innovation and utilization of local technology and led to perpetual foreign dependence.

This foreign dependence has resulted in a continuous and massive drain from the country paid for by increasing exports at a net loss. Increasing amounts of local resources have also had to be diverted to build the export infrastructure. Naturally, while a small upper section has gained greatly from this foreign-tied develpment process, the vast masses (particularly rural) continue to live in poverty, illiteracy and squalor and without hope. Several recent studies on poverty testify to this.

In culture too, the foreign and luxury-oriented development processes confined to tiny islands, with their built-in craze for profit and advantages all around, have led to a terrible moral degradation pervading the entire society. The corruption, bribery, fraud, adulteration and drive to get rich by any means, which are spelling the doom of our society are ultimately traceable to this distorted development.

## *Self-Reliance*

Something has gone grievously wrong. *Clearly, without a positive and deliberate policy for self-reliance, science alone or starting a laboratory alone remain infructuous and cannot make any contribution to national development.* Science has to be backed by clear direction and political choice.

Self-reliance thus emerges as the central element if we want science to redeem its pledges.

In fact the need of self-reliance has now been increasingly realized. Many national leaders, including President Giri, Central ministers, scientists and economists, have been urging the adoption of a self-reliant approach. The NCST has identified in foreign collaboration one of our main past errors. The Public Accounts Committee of Parliament has also recently castigated our total dependence on foreign collaboration.

But collaboration cannot be removed nor self-reliance ushered in just by wishing. One or the other will prevail, whatever one wishes, depending on the concept and objective of development one adopts.

It wood seem that our infatuation with foreign education and foreign ideas led us to identify wrong ideas with development. Development, we thought, meant just power, fertilizer, steel, radio, car, television and refrigerator, that is, the replication of the ready-made western affluent consumer society in India. Naturally it could be started only in tiny islands; and naturally we *had* to seek aid and collaboration, for money and technology of that level we simply did not have. But once we got these Trojan horses, there was no escape. The more indebted we became, the more we needed aid simply to pay its interest.

## *New Direction and Choice*

It is clear that the development of a vast country like ours, with its utter poverty and millions of unemployed and underemployed, must involve a totally different approach. We need, primarily, not capital-intensive, sophisticated, centralized industries; but widely dispersed, small-scale, labour-intensive ones. We need, not luxury products but products of mass consumption. We need as first priority not higher learning, but primary and adult education; not the latest foreign drugs, but mass health services. In short, by development we must understand the well-being of deprived humanity, not statistical growth or islands of luxury.

This approach will automatically bring our science to the fore. Need for aid and collaboration will disappear and, for the first time, an urgent demand for indigenous S & T will arise. *It is this demand, now totally lacking, which will spur indigenous science to new life.* And this in turn will bring economic development and fulfilment of the promise of science.

This, we believe, is the crux of our science policy.

## *Reorientation*

Meanwhile our S & T institutions in general, and CSIR in particular, and our R & D efforts should be reoriented on the following lines:

1 Self-reliance, self-confidenee, dignity and national pride should be the key elements in their policies. They should deliberately and persistently foster the motto that there is nothing that we cannot ourselves do; that self-reliance even with some hardship or with somewhat inferior technology is more honourable and beneficial in the long run, while

foreign dependence is dishonourable and harmful. They should avoid collaborative agreements with foreign institutions and discourage foreign training and fellowship. Anything foreign should be viewed with suspicion and scrutiny rather than with servile and automatic approval.

2 They should dissociate themselves completely from foreign-controlled industries or units and stop acting as service agents of units run with foreign collaboration. Similarly scientists and industrialists connected with foreign-controlled units should not be allowed to be associated in any way with them.

3 They should try more and more to involve themselves in the day-to-day lives and problems of the vast under-privileged masses, study their existing problems, suggest simple solutions, provide simple remedies and improvements to existing techniques rather than think only in terms of sophisticated western technologies, and carry the message of science to the people, not in high-sounding irrelevant theories but in concrete real-life applications.

4 They should work out and develop technologies appropriate for dispersed, small-scale, labour-intensive industries in all spheres ("technologies of inequality reduction" as called by A K N Reddy) combined with increasing use of local resources and local manpower—all of which will help in generation of employment, reduction in import and in capital requirements, reduction in transport and other unnecessary social overheads, and in balanced regional development and social justice.

5 They should engage in development of such products and processes as would serve to meet the basic essential needs of the general masses, and shun Western consumer-society model sophisticated products and processes which will only perpetuate and legitimize the present transplanted concepts and programmes of development.

C S I R—Scientific Workers' Association

# BOOK REVIEW

## Review Article

### *How to Study Indian Communism with Minimum Reading*

ROMESH THAPAR (Ed.), SEMINAR 178, THE MONTHLY SYMPOSIUM devoted to MARXISM AND INDIA, Delhi, June 1974.

THE problem, as posed by the editor, is this :

> Relating Marxism, or Marxism-Leninism as it is now described, to the Indian context has been an elusive process. Ostensibly, conditions all over the country seem ripe for revolutionary change. But the parties who declare their adherence to Marxism and Leninism, seem struck by an incapacity to evaluate the situation, leave alone lead it.[1]

He is not satisfied with this denunciation of India's communist movement. "The history of the communist movement," he adds, "as the main purveyor of Marxism in the country, reveals a vaccilation between blunders and irrelevancies, both accompanied by a unique courage."[2] It is to substantiate this proposition of the journal that five contributors have been brought together with their respective views of the development of Marxism in India.

One of these, K Damodaran, is a long-time activist of the Communist Party of India who, at the time of the split, went over to the Right Communist Party, but subsquently became so disillusioned and frustrated with active political work that he has now turned an academic, working as a Fellow at the Jawaharlal Nehru University.

The rest are academics. The absence of any present-day active leader of India's communist movement—either of the Communist Party of India (Marxist) or of the Right Communist Party—from the list of contributors is significant. Equally or still more significant is the fact that the list of books and articles for "further reading,"[3] suggested in the journal, does not contain such authoritative documents of either the Right Communist Party or of the Communist Party of India (Marxist) as their programmes, reports and resolutions of party congresses and committees and so on. Is it suggested that the subject of "Marxism and India" can be understood by readers who do not attempt to acquaint themselves with the authoritative documents of the two major parties which are known to have popularized Marxism in India and built movements on the basis of its principles?

## *Biased and Negative Approach*

The further one goes through the list of books and articles, suggested for "further reading", the more is one struck by a particular bias which has guided those who have produced this number of the *Seminar*. For, nearly a dozen anti-C P I (M) articles appearing in such journals as the Right Communist *New Age*, *Link*, *Mainstream* and so on have been suggested for "further reading", while not a single article that appeared in *People's Democracy*, the organ of the C P I (M), is in the list. If one were to be guided by the editor of the *Seminar*, one would have thought that no such journal as *People's Democracy* or a monthly like the *Social Scientist* has been regularly coming out.

Among the books too, a pamphlet by Bhupesh Gupta and others on *C P M Terror in West Bengal* has been recommended for "further reading". Neither Jyoti Basu's pamphlet on *The Congress and the Right Communist Role in West Bengal*, nor other pamphlets (including some by the present reviewer) on the CPI's betrayal in Kerala and other states however find a place in the list. G Adhikari, S A Dange and P C Joshi of the Right C P I have been cited as authors whose works are a *must* for those who want to familiarize themselves with the problem of "Marxism and India" but none from the C P I (M).

Leaving this aspect of the partisan character of the publication, that is, its being basically hostile to the C P I (M),]it is remarkable that every one of the five contributors makes a negative assessment of the role played by Marxism in India.

According to K Damodaran, for instance, Marxism "could not succeed because those who called themselves Marxists failed to understand Marxism in its real meaning and implications and to use its methodology to analyse and change Indian reality."[4]

Bipan Chandra says that "their record of failure is rather long, for at no stage during the last fifty years have the Indian Marxists succeeded in achieving more than a small part of what was historically possible."[5]

Ashok Mitra calls India's communist movement a 'middle-class movement',[6] while P C Joshi makes fun of Indian Marxists as those who indulge themselves in 'pamphlet Marxism.'[7] In other words, Indian Marxists are, according to Mitra, far removed from the Indian working class on whom they should be basing themselves if they were real Marxists while, according to Joshi, they are remarkable for their failure in the theoretical study of Indian problems from positions of Marxism-Leninism.

## *Apportioning Blame*

Among the five contributors, Damodaran distinguishes himself from the others in one respect. He traces the failure of Indian Marxism not merely to the intellectual immaturity and weaknesses of India's own Marxists, but also to the incorrect, 'sectarian' lead given by the Communist International under Stalin:

> After the death of Lenin in January 1924, the Comintern's approach to the national movements began to change gradually. The ECCI Report on India, prepared on the eve of the Fifth Congress held in June 1924, set the task of Indian communists as follows: 'Restoration of the national liberation movement (abandoned by the big bourgeoisie) on a revolutionary basis; formation of a national peoples' party which is to comprise the urban petty bourgeoisie, the pauperized intellectuals, the small clerks, the rebellious peasantry and the advanced workers; establishment of a proletarian class party . . .'[8]

This, according to Damodaran, is the beginning of the disastrous, 'sectarian' course which misled Indian Marxists. Quoting extensively from the documents of the Comintern, he comes to the conclusion that the international general headquarters of the world revolutionary movement has been 'a sectarian misleader', rather than a genuine leader, of India's revolutionary movement.

The once-practising Indian Marxist, who has taken refuge within the portals of the university, thus seems to demarcate himself from his academic colleagues in that he wants to divert to the world leaders of the Marxist-Leninist movement the major part of the blame which they (the academics) are putting on the leadership of India's communist movement.

It is far from our intention to claim that either the international communist leadership during the days of Stalin and after or the Indian communists are free from the sectarian mistakes about which Damodaran speaks. Sectarianism has no doubt made its appearance in the international movement, though we beg to disagree that sectarianism has been the sole mistake committed by it.

## *Twin Dangers*

As Lenin has clearly warned, the twin dangers of opportunism and sectarianism, or rather right and left opportunism, are ever present and are twin brothers rather than the opposites of each other. Developing this idea further, Stalin answered the question "which is the greater danger—right or left opportunism?", with "that will become the greater danger against which you cease to fight". One would therefore have liked Damodaran and other research workers to make a painstaking study of how, in the course of the development of the international movement, each of two dangers successively made its appearance and how each of them damaged the process of world revolution.

Instead of making such a non-partisan, objective study of the internal struggle within the international movement against all alien ideologies, Damodaran has collected and brought together all such facts and quotations as would substantiate his pet theory that right opportunism is a bogey created by the left sectarians to defend their own sectarianism.

The present reviewer pleads his inability (due to the painful lack of familiarity with the material which is available) to make an evaluation of the facts and quotations cited by the author to prove his contention that the 'sectarian' leadership of the Comintern misled Indian Marxists. We would however like to raise the following questions which are relevant if the validity of Damodaran's contention is to be assessed.

How is it that such a 'sectarian' leadership of the Comintern could inspire millions of class-conscious workers and honest non-proletarian revolutionaries who were coming closer to the working class (including the author and the present reviewer in the early thirties) to join the various sections of the Communist International in the twenties and thirties?

Was it not under such a 'sectarian' world leadership that the first Chinese communes arose in the latter half of the twenties and gave birth subsequently to the world-renowned Chinese Red Army to whose record goes the epoch-making long march?

One or the other: either it was the 'sectarian' leadership of the Comintern headed by Stalin that made such an unprecedented development possible, or the correct leadership of the Chinese Communist Party, headed by Mao Tse-tung defied the 'sectarian' Stalin and organized the masses of China on the basis of correct united front tactics.

If Damodaran holds the former view, his whole theory of the 'sectarian' leadership of the Comintern under Stalin falls to the ground. If on the other hand he accepts the latter theory, he should rationally explain the process through which the one-time 'correct leadership of Mao Tse-tung' pursuing united front as its strategy and tactics, was subsequently transformed into 'the most rabid form of international sectarianism,' as the Chinese Communist leadership is characterized by Damodaran along with others.

### *Slow but Steady Growth*

Coming to India in particular, we have "the establishment of a proletarian class party" which, according to Damodaran, is the first step taken by the Indian communists under the 'sectarian' Stalin leadership. The slow but steady progress of the party during the latter half of the 1920s and the first half of the 1930s is a phenomenon which deserves careful study. For, the shattering blow it received at the hands of British imperialism by way of the Meerut arrests in 1929 did not prevent its subsequent reorganization in 1933, after which it rapidly overcame its initial weaknesses and had, by the outbreak of the Second World War in 1939, already become one of the major forces of the Left in Indian politics.

This slow but steady growth continued during the war and after, though with innumerable twists and turns, setbacks and advances. The phenomenal growth of the Party in the days of the anti-imperialist national front (1936-39) was followed by the tenacity with which its cadres faced the imperialist attacks during the first stage of the war-period. Then came the critical days of 1942-45 when the Party had to swim against the current of nationalism, followed by the years of the great post-war upsurge when the Party had to unite with those very mliitant forces which had ranged themselves against it in 1942-44.

It is a matter of record that the Party acquitted itself well through all these twists and turns. Would these have been possible if, as the author asserts, Indian communists were guided by 'sectarianism' which should be traced to its fountainhead the Comintern headed by that 'arch sectarian', Joseph Stalin?

Let us once again make it clear that we are far from claiming that either the Comintern or the Indian Marxists were free from sectarian mistakes. We would be at one with Damodaran and other contributors to *Seminar 178* in desiring that every possible guarantee should be provided for non-recurrence of such sectarian—and one might be prompted to add, also right opportunist—mistakes.

One would however like to assert that overshadowing all these sectarian and right opportunist mistakes was the fact that the small band of Indian communists was doing its utmost to make the Indian working class conscious of its historic role as the spokesman of the Indian people fighting to free themselves from the clutches of imperialism, feudalism and native capitalism—a class which furthermore was organizing itself as an inseparable part of the international proletariat.

It was in the course of discharging this historic responsibility that the then Communist Party of India did commit mistakes. Hence the love and affection in which that Party was held by hundreds of thousands of India's toilers. Hence again the flow of tens of thousands of non-proletarian revolutionaries (like the author and the present reviewer) into the ranks of the Indian and world communist movement during the twenties, thirties and forties of this century.

## *Mistakes in Proper Perspective*

Damodaran and the other four participants in the symposium "Marxism and India" try to argue that India's communist movement during the last half-a-century has been a near failure both in the field of revolutionary practice as well as of revolutionary theory. We ourselves would continuously warn ourselves as well as our friends against any complacent self-satisfactory assessment either of the development of the practical movement or of the evolution of theory by Indian Marxists.

We however would remind all the contributors as well as the editor of *Seminar 178* that, by the closing years of the Second World War, the Communist Party of India had already become a poweeful mass revolutionary political party in Andhra, the then undivided Bengal, Kerala and parts of Tamil Nadu, Maharashtra, Punjab and so on. That was why the

Party was then able to make a great impact on the gathering forces of the strike movement of the working class as well as to unleash such a mass revolutionary peasant upsurge as was manifested in the Thebhaga struggle in Bengal, Telengana struggle in Andhra, Punnapra-Vayalar in Kerala, not to speak of the Warlis' struggle in Maharashtra, the peasant struggles in Tanjore and many other places.

Taking an overall view of the decisive role by the Communist Party in these working-class and peasant actions, therefore, one can assert with no fear of exaggeration that the mass revolutionary movement led by the Party on a country-wide scale in 1946-47 was bigger, deeper and more intense than any struggle since the Congress-led Quit India Movement in 1942. Once again, let it be repeated, to mention these facts is not to assert that no mistakes were committed. It is only trying to put the mistakes in the correct perspective of a wide-ranging and sweeping mass revolutionary movement which it was the proud privilege of the Party to lead.

This naturally ranged the entire political and administrative might of the new ruling classes (the Congress government headed by Pandit Jawaharlal Nehru) against the Party and the mass movement headed by it. Within a few months of the country attaining independence, the Party was declared illegal and had to remain underground for a few years. Thousands were arrested, beaten up and otherwise persecuted. Hundreds were even killed. All this was done against the background of a well-organized political campaign calculated to prove that the communists were 'traitors'.

No other party had to face such extensive and vicious terror, combined with such a high-powered political campaign unleashed through all the media of communications available to the ruling classes. Few other parties would have remained even for a few weeks in the face of such a terror-cum-political campaign. This Party however could not only survive those dark days but came out of it with flying colours.

The first general election under the new constitution proved to the satisfaction of even the prophets of doom that the Indian Communist Party had come out of the ordeal with a far more dedicated band of communists organized in a much stronger and more united Party. Then followed five years of struggle on a new front—the parliamentary front—which ended in 1957 with the formation of the first non-Congress government in any Indian state since the attainment of independence.

### *Leading Force of the Left*

It might be mentioned in this connection that, before the end of the Second World War, the Communist Party of India was only one of the left political parties in the country. It was by no means the leading left party. By 1952 however, it became the strongest among the left parties on an all-India basis, capable in some states and regions of challenging the one-party domination of the Congress. It was the confirmation of this reality that was marked by the 1957 general election in which the Party was able to secure a majority in the legislature and form an alternate non-Congress government in Kerala, for the first time in any state.

Damodaran, who talks of 'sectarianism' dogging the Indian Marxists at every step, and the other four contributors to the symposium who go at the Marxists for their theoretical immaturity would do well to consider how a party with such mistakes (theoretical and practical) could become the major force challenging the ruling classes and their political party.

It is obvious to the present reviewer, and it should be obvious to any unprejudiced observer, that this was possible because, in spite of the mistakes, inadequacies, immaturities and so on, the communist movement represented something new in Indian politics—the fact that it was firmly rooted in the Indian working class and other sections of the country's toiling people; and that, internationally, it was part of the great historic movement represented by the Soviet Union and the new socialist states of Europe and Asia. No other party or movement in the country could claim as the C P I could that it represented all that was best and most militant in the revolutionary movements in India and abroad.

It was this that roused hundreds of thousands, even millions, to give their support to the Party which was fighting their oppressors on the basis of a programme which would finally rid them of all forms of oppression and exploitation they have been suffering for centuries.

It was this again that enabled the revolutionary elements within the then united Communist Party of India to face the hostility to the revolutionary proletarian ideology which manifested itself in a big way, particularly since 1959 when the so-called India-China question unleashed a hysterical anti-'left communist' campaign in the country generally and within the Party itself.

Not only could the revolutionary forces within the then united Party confront and overcome the furious assaults launched against them by the government, the ruling class, the press, the right-wing leadership of the Party and so on, but the break with the right revisionist leadership of the Party (which had at last to be made in 1964) made a qualitative change in the political situation in the country. All that was valuable in the old united communist movement came to be inherited by the new Communist Party of India (Marxist), a fact which had to be acknowledged even by the Right Communist Party during and after the 1967 general elections.

Not even the much-talked -about 'Indira wave', with which the Right Communist Party swam, could stem this advance of the C P I (M). It is today acknowledged that, at least in the three states of West Bengal, Tripura and Kerala, the CPI (M) is a bigger mass force than even the ruling Congress party, a position which cannot be claimed by any other non-Congress Party in any state except possibly the ADMK-DMK (if they are combined) in Tamil Nadu.

### *Practical Revolutionary Movement*

The question is: how was all this possible? It is no mean achievement that the Communist Party of India in the forties could become the acknowledged leader of such militant mass actions as Telengana and Punnapra-Vayalar. Nor is it to be ignored that, alone among the political parties in the country, the undivided CPI in the fifties came to occupy the position of the leading political force challenging the Congress in the parliamentary arena. During the post-split period too, the position occupied by the undivided Communist Party earlier was not taken by any non-communist party but by the C P I (M). How would our academics explain this strength of the practical revolutionary movement on the basis of their theory, as the *Seminar* editor asserts, "that the communist movement as the purveyor of Marxism in the country reveals vaccilations between blunders and irrelevancies, both accompanied by a unique courage"? Where incidentally comes this "unique courage" from, if the communist movement vaccilates "between blunders and irrelevancies"?

The answer may possibly be that all these attainments are in the field of revolutionary political practice, while the crux of the academics' case is that Indian Marxists have failed in the field of theoretical work.

The present reviewer would be the last to claim that the theoretical work of India's Marxists has been equal to their practical achievements. Nor would he deny the force of the argument that this lag in the thoretical field has an adverse impact on practice itself. If the theoretical work had in fact kept pace with the advance in the practical movement, the latter would have been still stronger; which in its turn, would have made it necessary as well as possible to further strengthen the theoretical work.

If it was the intention of the authors to underline this need for a two-sided improvement of the work of the Party—improvement in the theoretical and practical work helping each other— we would have no quarrel with them. Unfortunately however, their approach to the whole question is negative in the sense that they negate all the achievements, theoretical as well as practical, registered by the Indian Marxists.

### *Theoretical Work*

We may conclude this by stating that, even in the limited field of theoretical work, India's Marxists are not so barren as is suggested by the *Seminar* editor and symposium participants.

For instance, the Memorandum submitted by the Bengal Kisan Sabha to the Floud Commission in 1939 on the land problem in undivided Bengal and the Minute of Dissent added by the present reviewer as a member of the Malabar Tenancy Enquiry Committee in 1940 were extremely modest but real beginnings in the direction of studying the crucial problem of the country—the agrarian problem—from the

Marxist-Leninist angle. It did of course have the weaknesses *(and the strengths)* of being based on the requirements of the practical mass Kisan movement and might therefore be dismissed as 'pamphlet Marxism' *à la* P C Joshi.

This initial attempt of Indian Marxists to study one of the most burning problems of the country was subsequently carried forward and applied to the specific situation of the years of war and famine in the forties. The country-wide campaign undertaken by the Party in 1943-44 involved not only a practical mass activity but also a theoretical practical study of the mechanism of the landlord-hoarder and the trader-hoarder exploitation of the countryside which culminated in the big tragedy of the Bengal Famine.

Again, the problem of nationalities in India was subjected to a serious study in the forties which, despite the mistakes that crept in at one stage in mixing up religion with nationality, yielded the big mass movement for Nutan Bangla, Visal Andhra; Aikya Kerala and so on. These three movements demarcated themselves from other similar movements like Samyukta Karnataka, Symyukta Maharashtra, Maha Gujarat and so on in that, as against the petty—bourgeois and bourgeois class character of the latter, the former had a peasant-proletarian character.

It is not necessary for us here to list other examples of the theoretical work done by the united CPI and subsequently by the CPI (M). We would however like to point out that the CPI (M)'s Programme makes a significant theoretical contribution to the analysis of Indian society as it has evolved from century to century. Let us quote the relevant passage:

> Capitalist development in India, however, is not of the type which took place in western Europe and other advanced capitalist countries. Even though developing in the capitalist way, Indian society still contains within itself strong elements of precapitalist society. Unlike in the advanced capitalist countries where capitalism grew on the ashes of precapitalist society, destroyed by the rising bourgeoisie, capitalism in India was superimposed on precapitalist society. Neither the British colonialists whose rule continued for over a century, nor the Indian bourgeoisie into whose hands power passed in 1947, delivered those smashing blows against precapitalist society which are necessary for the free development of capitalist society and its replacement by socialist society. The present Indian society, therefore, is a peculiar combination of monopoly capitalist domination with caste, communal and tribal institutions. It has thus fallen to the lot of the working class and its Party to unite all the progressive forces interested in destroying the precapitalist society and to so consolidate the revolutionary forces within it as to facilitate the most rapid completion of the democratic revolution and preparation of the ground for *transition* to socialism.

We are sure that the academic contributors to *Seminar 178* would agree that this is a good working hypothesis for historians, sociologists, political economists and the like to base their works on. We wish that they realize the amount of theoretical work that lay behind this brief passage. The learned authors of the "Marxism and India" symposium are welcome to point out the flaws in the arguments contained not only in the above passage as such but in the process of thinking which led to this theoretical-practical conclusion.

### *Objective Study?*

It is against this background that one regrets immensely that the editor of the journal totally ignores all the books and publications brought out by the C P I (M) and by those academics who have produced books, pamphlets, articles, papers and so on as material for 'further reading.'

We may be pardoned if we point out to them that the present reviewer himself has to his credit such theoretical works as the *Mahatma and the Ism, Kerala Yesterday Today and Tommorrow, Economics and Politics of India's Socialist Pattern, The Problems of National Integration* as well as several other books, pamphlets and articles.

Colleagues in the C P I (M), B T Ranadive, M Basavapunniah, P Sundarayya and others have also produced several articles, pamphlets and books. Sundarayya's monumental work on *Telengana People's Armed Struggle* and Ranadive's *Critique of the Five Year Plan* are worth mentioning in this connection.

Is it not remarkable that, when such despatches in the *Times of India* as "Marxists in a Quandary" and "CPM'S Predicament" as well as articles by Right Communist publicists like Mohit Sen are suggested for "further reading", works of Ranadive, Basavapunniah, Sundarayya, the present reviewer and others are completely blacked out. One would wish to know whether this is the type of objective, disinterested study in which *Seminar* is supposed to be engaged.

E M S NAMBOODIRIPAD

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[1] "The Problem", *Seminar 178,* June 1974, New Delhi, p 10.

[2] *Ibid.*

[3] "Further Reading", *ibid.*, p 62.

[4] K Damodaran, "The Past", *ibid.*, p 12.

[5] Bipan Chandra, "Total Rectification", *ibid.*, p 25

[6] Ashok Mitra, "Middle Class Movement", *ibid.*, p 43.

[7] P C Joshi, 'Towards a Renewal', *ibid.*, p 50.

[8] K Damodaran, *op. cit.*, p 14.

[9] Communist Party of India (Marxist), *Programme and Statement of Policy,* Calcutta 1971 Sec 86, p 33.

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KEY TO ABBREVIATIONS

| | | |
|---|---|---|
| A-Article | | C-Communication |
| D-Discussion | | N-Note |
| R-Report | *SS—Social Scientist.* | S-Symposium |

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# *OUR CONTRIBUTORS*

*Dr V A GAITONDE is a social scientist and journalist in Bombay.*

*Dr KALYAN KUMAR SEN GUPTA is in the Department of history, Rabindra Bharati University, Calcutta.*

*C P. NARAYANAN is Reader in statistics, Indian School of Social Sciences, Trivandrum.*

*N RAM is Vice-President of the Students' Federation of India and Ph D research student at the Centre for Historical Studies, Jawaharlal Nehru University, New Delhi.*

*G V RAO is a political analyst from Goa.*

*AJIT ROY is editor of* MARXIST REVIEW, *Calcutta.*

*Dr RAMA VARMA is a student of demography from Cochin.*

*V A GAITONDE*

# *Developing Countries in the International Division of Labour*

A special cycle of lectures on foreign trade topics was read some time ago in Brazil by J Viner, which later came out in book form.[1] He was sharply critical of the attitude taken by the economists of the developing countries and unequivocally took up the cudgels for the present capitalist scheme of international division of labour and the traditional bourgeois theory of foreign trade. This book received a great deal of publicity as indeed did the work of R Prebisch,[2] against which it was in large measure directed, which makes an inquiry into Viner's line of reasoning all the more interesting. He wants the developing countries to acquiesce in their role as primary producers for imperialist states, and launches into an argument designed to convince them that the production of export of agricultural produce is no less profitable for them than the development of an industry of their own. As examples he cites Denmark, which exports butter and bacon; New Zealand, which exports butter, lamb and wool; and Australia, which supplies wheat and wool to the foreign markets. He also mentions certain states in the USA which are producers of agricultural commodities, partly for export. "That agriculture is not necessarily associated with poverty" writes Viner, "becomes obvious when one considers Australia, New Zealand, Denmark or Iowa and Nebraska".[3]

The same technique is used by G Meier, who affirms (citing the example of the same three countries) that "in many historical cases of successful development the importance of international trade is clearly confirmed —and not only from the countries that exported industrial products but also for primary product exporters".[4] That, in Meier's opinion, is why the wealthier countries have used their own comparative advantages in industry, leaving overseas countries to specialize in the production of primary commodities.

Incidentally, both Viner and Meier as well as many others fail to mention that only the owners of big estates share in the profiits, while millions of farm workers and small farmers make a bare livelihood. In the United States, for instance, the agricultural proletariat is subject to greater exploitation than any other group of workers. Millions of farmhands migrate all over the country in search of work and every year hundreds of thousands of small farmers are ruined. A A Manukyan, the Soviet economist, had every reason to speak of the "Herodian Slaughter" of small farmers in the United States.[5]

One must further take into account that in Denmark and other countries mentioned above, the capitalist agricultural economy developed for a long time in conditions of relative freedom of trade and high demand for food in the foreign markets. Such a favourable situation does not exist any longer, so that the underdeveloped countries should not expect any considerable expansion of their traditional exports to the capitalist markets.

## *False Analogy and Malthusiasm*

We are brought face to face here with a technique favoured by bourgeois writers of serving up distinctly different facts, or examples thrown together in a haphazard way in order to gloss over the differences between them. Viner, in the given case, wants to gloss over the difference between the developing countries on the one hand, and the developed countries and even the imperialist states, on the other. In Australia and New Zealand the production and sale of agricultural commodities is mostly in the hands of national monopolies. Moreover both countries possess a fairly high level of industrial development. It is equally absurd to refer, in the given context, to agriculture in the United States which is controlled by powerful monopolies. Indeed, the big American concerns that process and export farm produce make plenty of money on the business, which cannot be said of the mass of farmers as a whole. It is absurd to conclude therefore, that it is advantageous for the countries of Latin America to concentrate on the growing of bananas, coffee and fruits, which are often bought by the American monopolies at ridiculously low prices.

Viner's reasoning would have us believe that in predominantly agricultural countries with a feebly developed manufacturing industry money incomes are relatively low simply because the peasants live in houses of their own and consume food and fuel produced by themselves.[6]

Moreover the urban population is prone to spend too much on clothes, transportation, and so on. As a result, there is, he claims, a certain invisible "negative income" in agriculture.

Finally, Viner brings out a typically Malthusian argument, as is so often done by the bourgeois economists: fecundity is high in rural areas, he argues, families have relatively more children, so incomes must be relatively lower.

As a result Viner concluded that "there are no inherent advantages of manufacturing over agriculture" and there is no earthly reason why they should want to build up an industry of their own. His "theoretical" inferences are beautifully matched by the practice of American and other monopolies that are holding up the genuine industrialization of dependent countries. That, indeed, is the purpose of Viner's long-winded comparison of advantages of agriculture and those of manufacturing industries.

### *Opponents of Industrialization*

Viner rallies all available arguments in an effort to disprove R Prebisch's fundamental thesis regarding disadvantages for the underdeveloped countries of the existing division of labour and the disastrous consequences of narrow specialization in the field of agriculture. All these seems, writes Viner, "for the most part mischievous fantasies, of conjectural or distorted history, or at the best, mere hypotheses relating to specific period and calling for sober and objective testing". Viner scoffs at the various industrialization projects for underdeveloped countries, calling them romantic dreams and asserting that their "scarce resources shall be allocated to their socially most productive use, and wasting resources on romantic dreams is not such a use".[7]

Another violent opponent of industrialization for underdeveloped countries is the American economist R F Mikesell, who says that so far as these countries are concerned "to create steel plants and other heavy industries...in the name of fostering industrialization must surely be regarded as an unwise use of resources and, in addition, may contribute to worldwide maladjustments in the pattern of trade".[8] Mikesell wants the underdeveloped countries to concentrate exclusively on the development of their extractive industries instead of the production of finished goods, the latter to be produced solely in the United States and Western Europe.

The subject of industrialization for new sovereign states is a target for mockery for J K Galbraith, prominent economist and former U S Ambassador to India. In an article published in the Indian journal *Commerce* he speaks with irony about the status symbols of a modern state that the underdeveloped countries want to acquire in order to be in step with the fashion. Among such symbols are: a decent airport, several imposing state edifices, paved streets in the capital, an economic plan, one sizable hydrotechnical project, and least the desire to create a steel industry.[9] His own opinion is that all this is mere speculation and, in keeping with Western economic thought, he declares against the erection of heavy industry in underdeveloped countries though he does make certain reservations.

P Gourou, the French economist, in his book *Les Pays Tropicaux* suggests that the countries of the tropical zone should specialize in the production of "colonial" commodities, such as sugar, cocoa-beans, coffee, bananas, tea, rubber or palm oil, renouncing the production of cereals and industrial goods. Like Mikesell, P Gourou considers such a "division of labour" the most "reasonable."

This idea in various, occasionally paradoxical, forms crops up time and again in the writings of many modern theoreticians of imperialism. Thus, Professor A G Johnson asserts that in certain cases theoretical considerations may seem to argue in favour of the industrialization of underdeveloped countries, while in other equally possible cases such considerations may favour the "agriculturalization" of industrialized countries.[10]

## *Threat to Monopoly Profit*

In other words, the epithet "reasonable" is applied in the writings of bourgeois economists to whatever is conducive to bigger profits for the monopolies. Should we drop this "criterion", however, and take a good look at the way this "optimum use of the world's resources" which the Western economists are doing their level best to promote really operates under the capitalist system, the monstrous parade of imperialist civilized barbarity will unroll before our eyes.

As the underdeveloped countries strengthen their domestic industries, the possibility is diminished of exploitation as profitable markets for manufactures and as sources of raw materials, and therefore the possibility of extracting profits by the foreign monopolies. The American magazine *Business Week* once made a frank statement which ran as follows:

> We'll prosper...as long as we don't make mistakes such as Britain has made with respect to India. In 1910, Britain exported nearly 6 billion yards of cotton textiles, mostly to India; by 1950 India had built its own textile industry, and the British exports of cotton fabrics had dropped to 800 million yards in all. Britain should have been unprepared for this eventuality. The British themselves had sold the textile machinery to India.[11]

Industrialization threatens capitalism with extremely dire political consequences, for industrial growth implies the growth of the proletariat, the very class which has been the most consistent and implacable fighter for national liberation. That is why apologists of imperialism are such determined foes of any industrialization of newly independent countries.

Using the theory of comparative costs as a starting point, Viner extols the principles of "free competition" and "free trade" and assails the policy of protectionism in the developing countries. He dwells on the fancied advantages which any country might allegedly derive by renouncing the policy of protectionism and embarking on a policy of so-called free trade. He is joined in his views by G Haberler, another enthusiastic proponent of "free trade". Haberler wants no one to doubt his conclusion "that substantially free trade with marginal, insubstantial corrections and deviations is the best policy from the point of view of economic development".[12]

Haven't the imperialist states enjoyed "full freedom" of trade with developing countries, under colonial regimes, for decades and decades, however? And is there any need to mention the kind of "economic development" to which the "best of policies" has led? S Dell has every reason for the following remark: "If free trade with developed countries could solve the problems of underdeveloped countries, those problems would have disappeared half a century ago".[13]

### *Competition versus Defensive Protectionism*

Viner gives special attention to what is known as "educational protectionism", which is intended to foster new branches of industry and aid a country's economic development. There is good reason why he should do so. Such arguments in favour of protectionism are currently widely used in many countries fighting for their economic independence and using all available means (including appropriate trade policies) to protect their national industries and their domestic market from the economic expansion of the imperialist powers. No protectionist policy, of course, is in itself capable of fully achieving this purpose. Other much more far reaching socio-economic changes are needed such as the creation of a national heavy industry, development of government sector, nationalization or decisive restriction of foreign enterprises, broad democratization in the entire field of socio-economic activity and so forth. Nevertheless, various protectionist measures do place certain obstacles to the expansion of imperialist monopolies' foreign trade and give a measure of protection to the industries of underdeveloped countries. That is precisely why Viner is so incisive in condemning protectionism as a policy for underdeveloped countries and tries to show that such a policy is "inexpedient" and "unprofitable" even when they are called upon to protect domestic industry. Viner's line of reasoning is a fair example of the demagogical techniques used by the bourgeois economists.

Protectionist measures in underdeveloped countries, we are told, retard rather than stimulate the development of domestic industry, for they raise the artificial bulwark against foreign competition. Competition—any competition— is supposed to promote economic progress whereas protectionism paves the way for the introduction of "restrictive monopolies".

All this reasoning is absolutely groundless and false from beginning to end; it is an attempt to capitalize on popular hatred of monopolies. Viner is careful not to recall that the protectionism which is called upon to protect the feeble industries of the underdeveloped countries is aimed against the foreign monopolies, American included, that block the independent industrial development of these countries in their own interests. By way of camouflaging the thing, Viner ascribes to protectionist policies in the developing countries, intended to protect domestic industries from foreign monopolies, the attributes properly belonging to the aggressive protectionism of imperialist states, which guarantee the dominance of their monopolies in the domestic market.

Another reason why Viner denounces protectionism in other countries is that a protectionist policy is said to be the burden a whole nation must bear, producing a rise in prices in the industries thus protected. Here again he gives a wholly groundless evaluation of defensive protectionism in developing countries as a kind of monopolistic super-protectionism associated with the predominance of monopolies and monopoly prices in the domestic markets. As a matter of fact, if the developing countries should renounce any, protection of their markets (which is what Viner wants them to do), foreign monopolies would soon be in full control of these markets. And that, needless to say, would send prices sky-high rather than lower them. "National costs" which Viner would make us believe are a source of concern to him would increase considerably as a result.

## *Subsidies for Surrender*

In recent times, official representatives of the United States, in an effort to bolster their country's prestige in the newly independent countries and to strengthen the position of imperialism in its competition with the socialist system, have frequently declared the desire of the United States to aid the industrial development of these countries, Their propaganda-modelled declaration (and even certain concessions in the sphere of practical politics) are however sharply at odds with the basic position of the monopolies. For an illustration of this we may turn to a pamphlet entitled *A New Trade Policy For The United States* published by the Research and Policy Committee of the Committee for Economic Development (which includes such great monopolies as Standard Oil, Ford Motors, American Telephone & Telegraph and Sears Roebuck). We read that continuing extremely high and rather indiscriminate protectionist tariffs in underdeveloped countries are not to be tolerated. To protect those industries which are unable to achieve high productivity is to punish those which are able to do so. Industrially developed countries should therefore insist on a reduction of import duties in the underdeveloped countries. This should be done not only in return for tarriff concessions on the part of the industrially developed countries but also as a 'contribution' to economic development. Underdeveloped countries should further abandon discrimination in the field of import and exchange regulation and lift as soon as possible quantitative import control and exchange restrictions, replacing these with customs tariffs, if necessary.[14]

What, we might ask, does Viner offer the underdeveloped countries in lieu of protectionism? According to him, what new industries need in the way of aid are subsidies, and not protectionism. Subsidies, Viner claims, will promote the expansion of the given country's market, whereas protectionism causes an artificial contraction of that market (on account of higher prices of goods).

In fact, such subsidies would be a heavy charge on the developing countries' budgets and would curtail still further their ability to finance economic development. Moreover, the foreign monopolies are naturally so much more powerful than the emerging local industries that any "stimulation of competition" or "price reductions" would, of course, be entirely ruled out in such cases. On the contrary, foreign monopolies, once given unrestricted access to the markets of these countries, would easily suppress the feeble national industries and establish their own exorbitant monopoly prices. Nor would there follow any general expansion of the market as Viner would have us believe: the only expansion would be in the field of sales for the foreign monopolies to the detriment of the developing countries' national industries.

What one may say about Viner's recommendations is that they are actually an invitation to the new sovereign states to yield to imperialism in the field of economics (and, therefore, in the political field as well).

## *Protect Industry or Perish*

The Soviet Union has something different to offer. A I Mikoyan, the Soviet statesman, wrote as follows in a magazine article:

> The economically underdeveloped countries will try to protect certain of their industries which have only recently come into being and are therefore unable to compete with those of highly developed countries. Lacking such protection, the industries of the countries that have embarked on a programme of economic development would perish instead of developing.[15]

Viner's theories have been effectively refuted by R Prebisch, who spoke at the session of the United Nations Economic Commission for Latin America (ECLA) at Rio de Janeiro where the American professor had lectured shortly before. Prebisch made *inter alia* the following statement:

> After one of our first reports was published, there happened to come by here one of the most illustrious professors on international trade. Formed in the purest classical traditions, subject for decades to the exercise of Ricardian logic, a few weeks' stay in Brazil was not enough to charm him with the spectacle of an industrialization that is barely starting if judged by the cosmic possibilities of this country. He has condemned industrialization, dragging into his execration the ECLA economists who have been advocating it. He has also argued against any form of deliberate control of economic growth and orientation of foreign trade. But at least he has left us one simple and positive recipe for economic development we should devote our efforts to agriculture and practise birth control.[16]

The theoreticians of imperialism refused to lay down their arms however, and the violent dispute over the theory of international division of labour went on. The *American Economic Review* published an article by the American economist H B Chenery entitled "Conflicts Between Trade Theory and Growth Theory". After some rather vague remarks to the effect that the theory of international division of labour based on the principle of comparative costs "does not exclude" the development of backward countries, Chenery dismisses once and for all the views and conclusions of R Prebisch and speaks critically of the plans of developing countries. While not questioning factual data on the deteriorating position of developing countries in the world capitalist market, Chenery nevertheless writes:

> It is wrong, however, to conclude from this analysis that continued specialization in primary exports may not be the best policy, because even the corrected return on exports may be greater than that on alternative investments. The supply of foreign investment may also be greater for export production... productivity change is an important factor and therefore the comparative advantage should be measured over time. It cannot be said, however, that allowance for this factor will always favour manufacturing.[17]

Summing up, Chenery once more advises the developing countries to produce and export the kind of goods that require relatively less capital per unit of production and to import capital-intensive goods.

## *Comparative Costs with Vengeance*

Such arguments remind one of the fact that the capital of the imperialist state has been derived largely from the exploitation and plunder of colonies and dependencies both in the period of primitive accumulation of capital, and subsequently. And now we have the theoreticians of imperialism pointing to a lack of means in the former colonies as an argument for keeping them economically backward, which would be helpful in maintaining the old relationship based on exploitation.

A strident criticism was made of R Prebisch in 1962 by another American economist, R F Gemmill. He said that Prebisch's proposal to reduce the share of resources used for financing the production of goods for export was an attempt to establish "a monopoly in these industries...a monopolistic pricing policy" for export commodities.[18]

Without so much as mentioning the real role of the imperialist monopolies, which work to lower prices of the primary commodities they import from the developing countries, Gemmill uses the specious argument that the latter's efforts to improve the terms on which they export such commodities represent a trend towards monopolism.

Summing up, Gemmill claims that Prebisch's analysis "is not a useful basis for policy decisions... Prebisch thus has not given us a theory of the appropriate commercial policy for less developed countries."

Here again, then, we have an attempt to discredit the idea of industrialization, to show that it holds little hope of profits and no promise of success as seen in the light of the theory of comparative costs. Here Chenery tries to persuade the developing countries to drop the idea of industrialization, implying that they should sacrifice their fundamental economic and political interests in the name of transitory advantages which would largely be fortuitous. The export of food and raw material (exhorts Chenery) can bring bigger profits than investments in industry. One might wonder, in that case, how it is that the primary producing countries have not long since become richer than the United States or Great Britain, who preferred "disadvantageous" and "low profits" industrial investments, and how it is that per capita income of those countries is one twentieth to one twentyfifth of that in the United States.

Comparative advantages (again according to Chenery) may turn out to be disadvantageous for the manufacturing industry. Here again we have the main argument of the theory of comparative costs. Whatever might be the relation of prices of finished goods and prices of primary commodities in the world market at various periods, this relation need never be a reason for renouncing a policy of industrialization. As we know, moreover, this relationship turns out to be unfavourable to the second group of commodities in the long run, owing to a number of causes. Many economists in the developing countries quite rightly point to this cicumstance as an argument for industrial development.

### *Special Dispensation for Secondary Industries*

The spirit of the times forces the ideologists of imperialism and colonialism to resort to manoeuvring nowadays, to take the edge off those of the conclusions to be drawn from their theories which call forth the loudest protest from the newly liberated countries. A characteristic example of this is a book written by the West German economist H Hesse on the value of foreign trade for the developing countries.

While upholding substantially all the fundamental propositions of the comparative costs theory, H Hesse introduces a number of amendments. In regard to the problem of industrial development, which is paramount in the view of developing countries, the author's attitude is evasive and contradictoty. On the one hand, he openly declares that according to the theory of comparative costs industrialization should be regarded as needless and profitless for such countries:

> The creation of an industry means a substitution, in that the goods that were hitherto imported are now manufactured domestically. Industrialized countries, however, enjoy an advantage in costs as a general rule in regard to such goods so that it is often cheaper to import them at home. This implies unfavourable consequences for underdeveloped countries. According to the theory of comparative costs underdeveloped countries should, on the whole, turn their attention to the production of primary commodities. As soon as a poor country begins to build up another kind of industry, it challenges the

precepts of this theory.

According to Hesse this requirement generally remains in force even in the face of growing difficulties in the marketing of primary commodities. Continued expansion of the traditional export commodities may mean worse terms of trade for the underdeveloped countries, but "might not 'artificial' industrialization bring even more unfavourable consequences in its wake?"[19]

On the other hand, Hesse writes that in coming to a decision on the issue (for or against the industrialization of underdeveloped countries) account should be taken of certain additional circumstances, such as the problem of employment, transportation costs, agricultural protectionism. in developed countries, and also possible future changes in the relationship of costs. In the light of such a "dynamic interpretation of the theory of comparative costs", with all future expenditure and advantages taken into account, it may be found expedient "in certain circumstances" to develop "certain branches of industry" in underdeveloped countries, primarily the initial processing of raw materials. Like many other writers, however, Hesse feigning concern for their "balanced development" spares no warnings to the developing countries against any "overindulgence" in regard to industry. In point of fact, the curtailed "industrial development", restricted to secondary industries, which the theoreticians of imperialism are now prepared to grant, could never help the newly liberated countries achieve economic independence and a high rate of economic development. If these two aims are to be achieved, they must begin by building up the key branches of modern industry and introducing important and progressive social changes.

### *Poverty of Nations: Their Own Fault*

A futher attempt to defend the theory of comparative costs in the face of criticism and to salvage its prestige in the developing countries comes in the work of G M Meier, already mentioned.

G M Meier begins by recalling that there were adherents of protectionism (like G F List) in the past, who would not accept the arguments advaneed by the theory of comparative costs, and goes on to say that "with the present concern for poor countries, the critics are now more numerous, and their arguments are far more challenging."[20] Meier strives to prove that development of international trade in underdeveloped countries in accordance with the theory of comparative costs is in no way contrary to their prospect of economic development and that the diatribes of Prebisch, Myrdal and other writers against this theory are groundless.

Meier's explantation on this theme may be reduced to the following conclusions: if despite their long considerable participation in international trade and more specifically in the export of primary commodities, a few countries still remain economically backward, the reason for this should be sought not in any external influences, but in various domestic, cultural, social and psychological factors impeding development.

Meier names some of these factors: preponderance of subsistence farming, poor development of market relations and hired labour, lack of money capital and lack of entrepreneurial know-how. All these are, apparently, signs of feebly developed capitalist relations in the economy, chiefly in agriculture, of many former colonies.

These obstacles, it is argued, prevent the full fruition of the propitious influence said to go with foreign trade based on the principle of comparative costs and supposed to reach out to the underdeveloped country's entire economy through the export sector. "We thus conclude" writers Meier "that if the internal handicaps had been less formidable, the stimuli from foreign trade would have been more effective in inducing responses favourable to technical progress, entrepreneurship, and capital accumulation."[21] This is held by Meier to be true even for cases when there is a deterioration of marketing conditions for the traditional primary commodities of underdeveloped countries in foreign markets. The beneficial influence of foreign trade is somewhat less pronounced in such cases, it is true, which makes it all the more important to create such conditions within these countries as would make it possible to take the fullest advantage of such a less pronounced effect.

### *Different from Marxists!*

Entirely unrelated to the actual state of affairs as it is, this concept is perfectly in line with the interests of imperialism. To begin with, Meier relieves the imperialist states of any responsibility for the backward countries' present plight, as may be seen from his theory. Their plight, it appears, is due to the idiosyncrasies of their social structure. On the contrary, the trade they carry on with the industrialized capitalist countries is held up as the main source of their economic development. The process of economic development is presented as a process of transmitting the needful impulses from the imperialist states to the underdeveloped countries. The part of the transmission gear is played by foreign trade (based chiefly on the production and export of primary commodities) and the export of capital. All the underdeveloped countries have to worry about is creating at home conditions propitious for the reception of these impulses. Rather significantly, Meire while vigorously disputing the views of Prebisch, Hla Myrdal and Singer, considers it proper to commend these writers for not mentioning the negative oonsequences of imperialism and colonialism, "as do the Marxists".

Meier's practical recommendations to the developing countries are: to continue concentrating on primary production as before (inasmuch as this is the most profitable course according to the theory of comparative costs), and at the same time to aid the development of a "value economy" (commodity-money relations), entrepreneurship and capital accumulation. This is what he means by creating the most favourable conditions for "development through trade". This means continued introduction of capitalist relations in these countries and the perpetuation of their dependent position in regard to imperialism. That kind of "economic development" would actually tend to maintain the economic backwardness of the underdeveloped countries and to widen the gulf between them and the industrialized capitalist countries. Now that the new national states are really free to choose a non-capitalist path of development, the ideologists of imperialism are using all available "theories" to fit them into the Procrustean bed of the capitalist regime that goes with that system.

### *Retain Metropolis-Satellite Relationship?*

Nowadays, it is becoming increasingly difficult to openly preach against industrialization of developing countries, and resort is sometimes had to a species of mimesis, which is used in the case of other urgent social problems. The French economist M de Lattre, for example, has published an article entitled "Industrialization: a Necessity for Africa"[22].

The meaning he puts into the concept of industrialization, however, is such that this industrialization would tie the economy of African countries associated with the Common Market still more indissolubly to the imperialist states.

What de Lattre recommends is briefly this: first, an economic infrastructure is to be created in the associated African countries for the account of the E E C; secondly, there is to be an influx of foreign private capital into these countries, which could "easily, in several stages, create industrial plants capable of producing 250,000 tons of aluminium, 2 or 3 million tons of steel, millions of tons of alloy and iron, and a considerable volume of pulp". These semi-finished primary commodities are next to be shipped to Europe, and the West European firms that process them are to make sizable profits thereon (for example, "in place of undressed iron ore selling at 40-50 new francs per ton it would be possible to export high grade semi-finished metal selling at 300-400 new francs per ton"). It would be politically and economically more advantageous, says de Lattre, to produce metal in African countries at low cost than to expand the West European metallurgical industry.

So here we have a unique sort of "industrialization" project for Africa.

African countries joining the Common Market will still be assigned essentially the old role of an economic base for Western Europe, though with a certain modern amendment. In addition to the mining of iron ore, the foreign monopolies are to set up the production of steel for export to Western Europe. Cheap African labour will guarantee low production costs and high profits. There is nothing in de Lattre's article regarding the development of a manufacturing industry in these countries or the needs of their national economy.

This "industrialization", or "international division of labour" eems to offer the same prospects that figured in the writings, many years ago, of that outspoken apologist of imperialism, G Schulze-Gaevernitz and his liberal critic J A Hobson. Their thoughts on the subject were particularly noted by Lenin, who adduced some pertinent excerpts in his work on imperialism. "Europe will shift the burden of physical toil—first agricultural and mining, then the rougher work in industry—on to the coloured races", wrote Schulze-Gaevernitz[23]. Hobson estimated that Europe might retain in future only such industry as produced finished goods with

> the staple foods and manufactures flowing in as tribute from Asia and Africa. . . We have foreshadowed the possibility of even larger alliance of Western states, a European federation of great powers which, so far from forwarding the cause of civilisation, might introduce the gigantic peril of a Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa, with which they supported great tamed masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal or minor industrial services under the control of a new financial aristocracy.[24]

## *Old Concept in Camouflage*

Lenin followed up this excerpt with the remark that "the significance of a 'United States of Europe' in the present imperialist situation is correctly appraised."[25] The imperialist "integration" in Western Europe. in its present stage, the EEC neo-colonialist policy in regard to the associated African countries and the desire to maintain and increase the function of these countries as a "unified Europe's" economic appendage—all serve to confirm the truth of this conclusion. As to de Lattre's article and his African "industrialization" project, the logical inference is that the ideologists of imperialism and colonialism can no longer afford to make the kind of candid confessions that Schulze-Gaevernitz made half a century ago. Nowadays they are constrained to camouflage their essentially similar ideas in the hope of concealing the truth from the immeasurably fortified national anti-imperialist frame of mind of the former colonial peoples.

The recommendations of Western theoreticians are truly paradoxical: it begins to seem that the developing countries would find it "economically advantageous (from the point of view of reducing production costs) to keep their economy backward and lop-sided and, conversely, "economically unprofitable" to undertake a balanced development of all their productive forces. In bourgeois literature one may occasionally come across the assertion that the developing countries are prompted by "political ambitions" in their desire to create a domestic industry, rather than by any economic considerations.

In reality however, political, economic and social factors all point to the urgent need precisely for the industrial development of the former colonies and dependencies. There is no denying that the industrialization of economically underdeveloped countries implies heavy investments and is therefore associated with certain difficulties, largely due to burdensome legacies of colonialism. Invoking the theory of comparative costs, bourgeois economists strive to emphasize momentary commercial gains as preferable to genuine and lasting national advantages for developing countries in an effort to retain them within the sphere of a domestic industry.

## *Top Priority for National Industries*

There are several reasons why the former colonies and dependencies must build up a domestic industry.

First, until they end their economic dependence on imperialism they will continue to be "farmers to the world" and objects of semi-colonial exploitation. And a national industry must be created if an end is to be put to that dependence.

Secondly, one of the main problems delaying the efforts of these countries to overcome their centuries-old backwardness is that of the rate of economic development and, more especially, the rate of growth of the production of material wealth. According to the laws of extended reproduction, if these rates are to be increased, priority must be given to the production of the means of production and this depends entirely on industrialization.

Thirdly, only industrialization can bring about a technological revolution in the backward agriculture of these countries, increasing the input of farm machinery and chemical fertilizers. This, incidentally, is highly important since primitive farming is as much a part of the picture in the economically underdeveloped countries as is the absence of a developed industry.

Fourthly, industrialization provides a quick way to build up the working class, which is the most consistent fighter for the consummation of the national liberation revolution, for the nation's interests, and social advancement. As industry develops, the working class will grow numerically and play an increasingly important role in the socio-economic and political life of the country.

Fifthly, besides raising productivity, the development of large-scale industry leads to the socialization of production and thus towards smoothing the road for economic planning and the strengthening of the government sector.

Sixthly, industrialization has another important aspect for economically underdeveloped countries: the problem of employment, which is one of the most urgent socio-economic problems that they face. In countries with a heavily preponderant rural population and primitive methods of agriculture, in addition to difficulties in the sale of primary commodities in the domestic and foreign markets, only the development of a national industry can provide productive employment for indigent millions. Unofficial estimates of 33 million unemployed in India alone for example, testify to the tremendous importance of the problem.

Lastly, one more point must be taken into account. The theoreticians of imperialism, using the theory of comparative costs, keep trying to convince the developing countries that it is cheaper for them to import most manufactured goods, especially machines and equipment, than to undertake their production at home. Any expansion of imports, however, presupposes the availability of foreign currency, which can be secured only by increasing exports. Prospects for improving the export of most of the traditional primary commodities supplied by developing countries to capitalist countries are definitely poor, however, owing to a number of causes, one of them being largely the selfish economic policies of the imperialist states themselves whose protective tariffs keep out many of the items offered hy the developing countries. Hence the perpetual currency difficulties of the latter and their consequent inability to import the equipment and other goods that they might wish to buy from the industrial capitalist countries. To count on import alone, as the Western economists would have them do, would mean for the developing countries, in the circumstances, not only a perpetuation of their economic dependence on imperialism, it would give them but a shaky and totally inadequate base on which to develop their economy and they would never have enough foreign exchange to ensure even a very modest rate of economic development.

### *Rewards from Heavy Industry*

It is known, for instance, that there is a continuous shortage of ferrous metals in India despite the construction of three state-owned metallurgical plants, which forces it to import annually considerable quantities of these metals (1,086,00 tons worth 105.9 crore rupees in 1961 and 849,000 tons worth 88.3 crore rupees in 1962, or 10 and 8 per cent respectively of all imports). Had India decided not to build these plants, which produced 3 million tons of steel in 1962, as counselled by the majority of Western theoreticians, and had imported this steel from abroad, we would have had to pay not Rs 88.3 crores but roughly Rs 400 crores, or 312 crore rupees more, which would then have accounted for 29 per cent of India's imports for that year. Considering that India's 1962 trade balance showed a deficit of 396.2 crore rupees while currency reserve was at a minimum (94 crore rupees as at the beginning of 1963), such an increase of imports would have been simply impossible. A similar consideration indicates that India must develop its own petroleum-extraction and refining industries as well as certain other branches of economy.

It would be easy enough to cite similar figures in regard to many other developing countries. Moreover, any substantial expansion of a developing country's export capacity (and therefore increased import possibilities) must nowadays bank exclusively on increased production and export of finished goods, which is one more argument in favour of industrial development.

Western theoreticians frequently accuse the newly liberated countries of being impelled by some kind of "doctrinaire consideration" rather than economic expedience in their desire to build up a domestic industry and play a different role in the international division of labour. The truth is, however, that this policy of theirs is dictated precisely by their urgent economic needs.

In June 1963, the American magazine *Fortune* published an article by Professor W Letwin, which might be called the latest example of bourgeois-imperialist theoreticians' consistent efforts to prevent the development of heavy industry in the newly liberated countries. Professor Letwin adds some new arguments to those already brought out by the adherents of the comparative costs theory.

From beginning to the end, the article is an attempt to prove that it is economocally more advantageous for an underdeveloped country to build up a light industry and agriculture than to create a heavy industry. "Light industry," writes Letwin, "is better able to aid economic development than are steel mills, which require heavy capital investments." A steel mill in Iran could not compete with Pittsburgh, he continues, nor a watch factory in Nigeria with that in Geneva.[26]

Letwin wants the economy of the newly liberated countries to develop along the old colonialist lines. Arguing against the development of heavy industry in these countries (particularly in India), he suggests that their vast natural resources (for example, iron ore deposits) should be turned into steel and machines not through local production, but by the export of ore and import of steel. He regrets that such a train of events is often (and, let us add, quite rightly) regarded in the new sovereign states as a return to "the status of an exploited colonial economy". Class prejudices do lead the bourgeois theoreticians to the heights of absurdity! The way Letwin and writers like him see it, the economically most expedient thing to do is to ship Indian iron ore off to England and then ship the English goods made out of that ore back to India. As for building steel mills in India, that is declared economically inexpedient and disadvantageous, and Letwin calls such steel mills mere symbols of national self-respect.

## *Ulterior Motives Unmasked*

In current Western literature it is considered good form to be superciliously ironical in regard to the economically underdeveloped countries. The inevitable economic backwardness of most countries in the capitalist world is here a foregone conclusion. "Nobody would consider, for example, producing transport airplanes in Nicaragua or setting up an atomic reactor in Tunisia", writes the American economist B A Balassa.[27]

This is the kind of paradoxical comparison that the theoreticians of imperialism use in their efforts to discredit the very idea of industrial development for economically backward countries. Events have shown, however, that any nation, once it embarks on a programme independent development and social progress, will have something to contribute to the advancement of modern science and technology. The nations of the world socialist system can furnish many examples of this.

No one naturally would want the newly liberated countries to be carried away by any megalomania and develop at any price such branches of economy which the present economic situation does not favour. Nevertheless, what these countries need is to utilize as widely as is reasonably possible the natural resources at their disposal and build up an industry of their own.

Comprehensive development of each nation's productive forces and the creation of a diversified national economy, leading to the elimination of differences in production, conditions resulting from imperialist domination, and not the perpetuation of these differences, should be the principle followed in assuring the former colonies and semi-colonies an economically sound role in the international division of labour pattern. This concept is the exact opposite of the principle underlying the theory of comparative costs; that is why so many representatives of the developing countries are violently critical of the theory.

Discussion of these problems often brings up the question of markets for the commodities produced by the economically underdeveloped countries, and this too is treated in Western writings as an argument against industrial development.

## *Flaws in Market Argument*

Meier's reasoning on the subject, for instance, is as follows. The domestic market of developing countries is very limited. Most branches of industry (especially heavy industry) require mass production which, in turn, presupposes an extensive market. In the developing countries, therefore, only those industries can be successfully expanded whose production will find its way into foreign markets. In these circumstances the production of capital equipment and the output of heavy industry in general would not have the ghost of a chance according to Meier. The same holds true for many lines of consumer goods. Moreover, protectionist policies followed by the developed countries must also be to taken into account. These plausible arguments are used to declare any truly diversified industrialization of developing countries as economically unsound.

J N Behrman, the American economist warns the less developed countries that since they are "each, in their own way, duplicating production in the already industrialized countries, they will find it difficult to market many of these items."[28]

While some of the facts referred to in such arguments are true, the conclusions drawn therefrom are basically wrong. It is a fact, of course, that the domestic markets of many underdeveloped countries are very limited owing to their numerically modest population and to a far greater extent, to the extremely low level of living. According to UN figures, of 112 countries and territories classed as developing, 91 have a population of around 15 million each and 65 less than 5 million. This multitude of small political units is largely the legacy left by the colonial system. However, the size of the population is, of course, not the only factor. Norway with its 3.6 million inhabitants makes an incomparably greater market than Tanzania with its 9.2 million: for Norway the average annual per capita income was $1,020 in 1970 compared with $60 in Tanzania.

Contrary to the claims of Western theoreticians, however, one way of solving the market problem in these countries is precisely by creating a domestic industry. The development of industrial production in a country in itself stimulates the growth of the domestic market, creating a demand first of all for capital goods as also for consumer goods.

In the economically underdeveloped countries, sizable "market reserves" can be brought into play through forcing out the goods of foreign monopolies, beginning with consumer goods. Pointing to the low purchasing power of India's population and the resulting restriction of marketing possibilities, the *Eastern Economist* recently wrote that the country's production could be expanded by a general substitution of domestic goods for those now imported.

### *Co-operation between Developing Countries*

By no means is every country capable of building up domestically a truly modern, adequately diversified industry: relatively small countries with limited resources and a restricted domestic market would be better advised to adopt various types of co-operation in building large industrial plants; yet wide industrialization (and mechanization of farming, best achieved through agricultural co-operatives) remains for the developing countries one of the surest ways of gaining economic independence.

An adequate market is especially important for heavy industry, for here the optimum size of the plants (particularly in terms of cost) is considerably bigger than for food and consumer goods industries. It is therefore economically advantageous for several small developing countries to pool resources and efforts for the purpose of building heavy industry plants, both from the standpoint of financing the heavy investments and ensuring adequate market for the goods to be produced.

The way out lies apparently in joining forces to build large modern metallurgical plants whose output would sell in a definite group of countries rather than just one country. According to the data assembled by the United Nations Commision for Africa, a single metallurgical plant with an annual output of half a million tons of steel and rolling-mill products, built jointly by the countries of West Africa, would meet all the requirements of that region in ferrous metals. Several projects have been suggested for developing the metallurgical industry in the countries of South East Asia. The same approach could be adopted for creating modern engineering and other industrial plants in the developing countries.

There are many different possible schemes for an international division of labour and trade among newly liberated countries which however, have hardly been tried. Long years under a colonial regime have put these countries out of touch with each other and it is only since they won their freedom that they are beginning to establish natural economic relations with one another. Right now these relations are still insignificant and by no means proportionate to their possibilities.

## *Technical Re-creation of Traditional Industry*

It is wrong to regard industrialization and the development of traditional export branches of economy of the economically underdeveloped countries as irreconcilable, as do many bourgeois economists. To do away with the lop-sided colonial structure of the economy it is necessary to begin by creating and expanding a national industry, which does not mean that the old, traditional branches of the economy have to be given up. On the contrary, it means their re-creation on a new technical base, and raising productivity of labour in both the old branches of the economy and the new.

The implication is not that the economically underdeveloped countries possessing a petroleum industry should discontinue extracting petroleum. Rather, that with time they will undoubtedly have their own petrochemical industry, and some will be producing their own equipment for their oil industry. As the structure of their export improves, that is, as they begin to supply various manufactured goods (and not only crude petroleum) to the world market, these countries will be able to use their natural resources in a more rational manner and to increase their revenue from foreign trade. This is no longer mere speculation, for it has been confirmed by the experience of economic development in several socialist countries. Rumania, for instance, which used to be a backward country whose petroleum resources were plundered by the imperialists, has now become a producer and exporter of many lines of industrial equipment, machinery for the petroleum industry being a leading item.

It is entirely wrong to imagine (as the ideologists of imperialism often do) that industrial development of the countries that have won their freedom will prove harmful for the international division of labour, and international trade will reduce the returns from such division of labour, breed a desire for self-sufficiency, and bring about a virtual autocracy.

## *Trade Advantages Lost?*

The way Western economists see it, the economically underdeveloped countries will find creation of national industries unprofitable and certain to produce changes for the worse in the present pattern of international division of labour. Thus, the assertion will be found in the work of a group of American economists that the new economic nationalism of the independent developed countries serves to reduce the efficiency of the world economy.[28] In this connection it is continuously argued that efforts to achieve economic independence are contrary to the general laws of the evolution of international division of labour and foreign trade.

J N Behrman typically reasons as follows:

> Governmental intervention is also likely to reduce specialization. The usual policy is to favour import-competing production which means the domestic production of items now most efficiently obtained through exporting, to pay for the goods which are relatively cheaper abroad. The advantages of trade are sacrificed...[29]

H Chenery also speaks of industrial development of backward countries as rashly reducing their international specialization.[30].

That is a fundamentally false conception, reflecting as it does only the selfish interests of the imperialists. If we were to apply the same criterion to the economic history of the United States itself, we should have to recognize that its industrial development in the middle of the nineteenth century was "irrational" inasmuch as England had developed a diversification of her industry by that time and the United States could have traded its wheat and cotton for the manufactured goods it required. Yet it is a fact that the creation of national industries in the United States, as well as in the countries of continental Europe and Japan, did not in the least abate their trade with England or among themselves.

One must take into account, however, that despite the extensive needs of economically underdeveloped countries the import of equipment into these countries increases at a considerably slower pace as compared with the industrially developed countries, which is attributable to a lack of funds. Thus, the import of industrial and transport equipment into the primary-producing countries increased from $8,080 million in 1957 to $8,765 million in 1960, or only by 8.5 per cent, while the import of similar items into the industrialized capitalist countries increased over the same years from $8,175 million to $11,025 million or by 35 per cent.

## *Advocates of 'Simple Production'*

Thus we find that the claim made by some Western economists that the industrialization of underdeveloped countries is contrary to the principles of further development of international division of labour and international trade falls to pieces under close examination. It is really intended, of course, not to justify the concept as such of division of labour and co-operation among countries, as is often represented by the bourgeois theoreticians, but to justify and maintain the pattern of international division of labour which has evolved in the course of history in the capitalist global economy and which is now crumbling under the impact of national liberation movement and the people's struggle for economic independence. Here we have one of the many cases of bourgeois apologetics. With capitalism in its present state of general crisis, its ideologists are trying to convince us that the approaching final collapse of that obsolescent social system will mean a collapse of the human society in general and an end of civilization just as they are anxious to convince us that a break-up and reconstruction of the entire system of international economic relations in the capitalist world would threaten destruction of these relations in general.

New notes have begun to be sounded in recent years in the works of Western theoreticians on the problems of international division of labour. The stubborn propaganda of the "advantages" to be derived by the underdeveloped countries from emphasizing primary production in their economy has suffered a defeat. The great majority of developing countries have either embarked or resolved to embark on a programme of industrial development—a fact which the bourgeois theoreticians in the imperialist states must henceforth take into account.

In line with this new situation a new scheme for the economic development and foreign trade of the newly liberated countries has been evolved, which has found acceptance in contemporary Western writings. To begin with, these countries are advised to do their utmost to expand the export of their traditional primary commodities. Next, it is considered feasible to develop the production and export of "cheap labour-intensive manufactured consumer goods" (e.g., textile fabrics), provided these goods are to be exported exclusively to other economically underdeveloped countries. It is also proposed that these countries should develop (with the aid of private foreign capital) the production of some "simplest manufactured goods" and semi-finished raw materials for export to the industrial countries. So far as the production and export of machinery and equipment and the more complicated consumer goods (especially durable goods) is concerned, that is more or less openly recognized as a monopoly of the industrially developed capitalist countries. Such, in general outline, is the concept offered by the American writers Meier, Nurkse[81] and Lewis[82], as well as by the experts of the General Agreement on Tariffs and Trade[83].

## *Strategic Retreat*

Ex-Chancellor Erhard of West Germany wrote in a similar vein. He denounced the "construction of metallurgical and other grandiose plants which may be of symbolic significance but whose value to the national economy seems questionable", and called for a development of the "existing shoots of domestic crafts and industries". In his book published in 1962, Erhard outlined the prospects of international division of labour as follows: "We, that is countries of Europe, must be prepared to yield to the developing countries the field of simple industrial production, while concentrating our efforts in fields requiring greater technical perfection and a higher quality of work".[84]

It is significant that this concept is, to all appearances, close in certain respects to the viewpoint of some representatives of the developing countries as formulated at the Conference of Non-Aligned Countries convened at Cairo in 1962, though the theoreticians of imperialism naturally give this international division of labour scheme an entirely different interpretation. In the first place this belated "consent" to the production of some "simplest manufactured goods" in the developing countries and even the readiness—verbal and by no means actual—to admit some such goods to the markets of imperialist states are accompanied by a vigorous protest against the creation of any key branches of economy in these countries and are thus more in the nature of compensation for their renouncement of any real and complete economic independence.

In the second place, social and economic conditions in the developing countries, viewed separately are so diverse that no single pattern of economic development would be found suitable for all. Some may have to begin by creating rather simple plant for initial processing of the agricultural raw materials while others would be able to take up the construction of large modern plants in the key branches of heavy industry quite soon after attaining the status of sovereign states.

In the third place, the new line of reasoning adopted by the representatives of imperialist countries sees the production of simple manufactured goods as the culmination of the process of industrial development and the maximum result that the developing countries may aspire to obtain within the framework of international division of labour.

Such a conception is essentially the "theoretical counterpart" of the new tactics that the foreign monopolies are beginning to use in the new sovereign countries. They have begun to revise to some extent the structure of their capital in some manufacturing industries instead of only in the primary-producing industries as before. This is done in such a manner, however, especially in the private sector, as to maintain the economic dependence of the underdeveloped countries and to prevent or retard the creation of any key branches of modern industry like engineering, for example.

## *Towards Economic Independence*

Failing to share this viewpoint, many representatives of the developing countries very rightly regard the production of "simple" manufactured goods as but one of several possible stages of economic development, a minimum result obtainable even now. Their immediate demand, therefore, is that the imperialist states stop obstructing the imports of industrial goods manufactured and exported by the developing countries. That of course, is not the final stage but only the initial step in the reconstruction of the entire system of international division of labour as it exists at present in the capitalist world.

The development of an independent national economy and a drastic revision of the international economic relations pattern evolved during the colonial era is a lengthy process beset with difficulties which are largely increased by the calculated policies of the imperialist states and by the natural laws of the capitalist world economy with its business crises, production anarchy, competition, violent price fluctuations and other contradictions. However the more consistently the underdeveloped countries fight for their economic independence, the more determined they are in their pursuit of social advancement, the wider their-cooperation with the world socialist system—the sooner, more easily and more effectively will they be able to overcome all these difficulties.

The trend and character of economic development in the new sovereign states are currently the main theme of the bourgeois theories of international division of labour. Industrial development is now taking place, to a greater or lesser extent, in most of the economically underdeveloped countries, and, viewed objectively, this process is essentially anti-imperialist and anti-colonialist.

The urgency of the issue is determined also by the fact that it is closely linked with the trends of social development in the newly liberated countries. The very fact, of course, that several scores of countries have thrown off the colonialist yoke and are fighting—more or less consistently to achieve a national renascence and to end their age-long backwardness—has brought about some new developments in the capitalist world economy, international division of labour and international trade. One such development, for instance, has been the growing import of capital goods into these countries. Neverthelss it is abundantly clear that while capitalist relations, still prevailing in most of the countries continue to exist, these changes cannot bring about a radical transformation of the international division of labour pattern that is typical of the capitalist economy. So long as the capitalist system prevails it will be impossible to achieve genuine economic independence and smash the old system of international division of labour based on exploitation.

## *Path of Socialist Industrialization*

It should be emphasized that industrialization as such, while definitely a positive factor, is not enough to solve all the problems that the newly liberated countries have to face. The reactionary bourgeois circles in these countries (especially the big bourgeoisie, wherever it exists) are trying to steer their economic development into the channel of capitalist industrialization. Development along such lines would also constitute the least threat to the imperialist states. The press that reflects the interests of these circles (*Eastern Economist* is an example) frequently refers to Japan and Canada as instances of countries that have become highly industrialized under the capitalist system.

This line of development, however, cannot bring about rapid economic progress and political and economic independence from the leading powers (Canada being a good example), nor can it deal effectively with poverty and social inequality. Moreover, this kind of industrialization is actually impossible in the several developing countries where a national bourgeoisie is non-existent.

In this second half of the twentieth century, when a world socialist system is expanding and growing ever stronger, the people of the newly liberated countries have no desire to follow the capitalist way and experience all the calamities and contradictions of capitalist industrialization. Only socialism can assure a rapid advancement of their economy and culture, and turn a backward country into an industrial state within the span of a generation instead of centuries. Only socialist industrialization which takes into consideration all the diversity of historic, social and economic conditions in various countries, can effect the most rational development of the productive forces of each country, large or small, create diversified economies for any one country or on an international scale, and assure the participation of all countries in planned, expanding and mutually advantageous international division of labour.

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[5] J Viner, *op. cit.*, p 47.
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[7] R F Mikesell, *United States Economic Policy and International Relations*, New York, p 299.
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[18] R F Gemmill, *Prebisch on Commercial Policy for Less Developed Countries*, p 199.
[19] H Hesse, *Industrialization of Underdeveloped Countries*, p 61.
[20] G M Meier, *op. cit.*, p 152.
[21] *Ibid.*, p 185.
[22] M de Lattre, *Industrialization : A Necessity for Africa*, p 20.
[23] Quoted from V I Lenin, *Collected Works*, Vol 22, p 281.
[24] *Ibid.*, p 280.
[25] *Ibid.*, p 280-281.
[26] W Letwin, *What Is Wrong with Planning: The Case of India*, p 118.
[27] B A Balasa, *Theory of Economic Integration*, Homewood, Illlnois, p 31.
[28] J N Behrman, *Economic Effects of Private Direct Investment*, p 152.
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[31] R Nurkse, *Pattern of Trade and Development*, Stockholm, pp 36-41.
[32] W A Lewis, *Employment Policy in an Underdeveloped Area*, pp 47-48.
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*KALYAN KUMAR SEN GUPTA*

# *Bengali Intelligentsia and the Politics of Rent, 1873-1885*

IN 1873, the occupancy ryots of the district of Pabna, now in Bangladesh, struggled against their landlords to defend the right of occupancy granted to them and to other Bengal cultivators by the Rent Act X of 1859.[1] This agrarian unrest which gradually spread to other districts of eastern and central Bengal in the decade preceding the enactment of the Bengal Tenancy Act of 1885[2] had also an impact on the politics of the westernized urban elite of Calcutta, the capital of India and the seat of the nineteenth century Bengali *bhadralok* culture. The Bengali intelligentsia of the time, though aware of the socio-economic implications of the problem posed by the strained agrarian relations, saw the problem at the same time from divergent angles and attempted to solve it on their separate premises and interests. This pointed to the existence of a conflict of ideology among the westernized elite. It was perhaps natural since the Bengali intelligentsia in the late nineteenth century did not have a common social base.

Unfortunately very little research has so far been done on the ideology and the interests of the westernized intelligentsia of Bengal *vis-ā-vis* the land question. Historians who have enquired into the social role of the Bengali intelligentsia in the period under review have not so far worked out in detail their social origins.[3] Unless this is done one cannot have a clearer perception of the role of the intelligentsia in the politics of the rent question in Bengal in the late nineteenth century. Apart from making an attempt to fill this gap in our historical knowledge of the Bengali intelligentsia, I have tried to analyse in this paper the nature of liberal intelligentsia's support to the tenantry.

## *Elites Old and New*

By the beginning of the nineteenth century, a new urban elite which grew out of the compradore elite of the late-eighteenth-century Calcutta gradually stabilized its social position in the new metropolis.[4] Most of the men who acquired a higher status in the growing metropolis of Calcutta were high-caste Hindus. They were the beneficiaries of the Permanent Settlement, men who took advantage of the agricultural boom of the early nineteenth century to put their surplus resources in land and became, in course of time, prosperous absentee landlords residing more or less permanently in the new metropolis.[5] Their wealth enabled them to assume the leadership of the first generation of the Bengali *literati* in the early decades of the century.[6]

From the 1820s, however, a change in the social composition of the intelligentsia became perceptible. The spread of western education leading to the foundation of the University of Calcutta in 1857 brightened the prospect of gainful employment in government services and easier access to new professions like law, medicine and engineering. Quite naturally Bengali youths belonging to ordinary middle-class families not exclusively dependent on rentier income started to crowd the new English schools with a view to exploring new avenues of employment.[7] This trend proved, at least indirectly, that a sizable section of the English-educated Bengalis of the mid-nineteenth century did not or could not depend exclusively on rentier income. These educated Bengalis formed the nucleus of a new *literati* which had a lower social standing as compared with that of the earlier generation.

## II

Broadly speaking, this new intelligentsia held relatively progressive or liberal views on various political, social and economic problems. In particular, they were the enthusiastic propagators of tenant right in Bengal and wrote essays and newspaper editorials, fiction and plays to mould the pro-tenant public opinion. Belonging to a lower social group, they were fast acquiring a position of eminence in the "achievement-oriented" metropolitan society.[8] Quite naturally, they were not prepared to accept unhesitatingly the social leadership of the higher social group represented by the landlords.[9] Precisely for this reason, the liberals made organized attempts in the 1870s to take over the British Indian Association, the only political organization of the English-educated Bengalis of the time, which was dominated by the landed magnates.[10] The failure of these efforts forced an influential group of salaried and professional people led by men like Ananda Mohan Bose, a leading member of the Calcutta Bar and Sishir Kumar Ghose, a journalist of repute, to break away from the British Indian Association to form the rival Indian League in 1875.[11] Sishir Kumar who represented "entrepreneurial interests" of the Bengali upper middle class could not establish any rapport with professional people like Surendranath Banerjee a former civil servant, Dwarkanath Ganguly a teacher, Krishna Kumar Mitra a young rising journalist, Ananda Mohan Bose and others.[12] The latter broke with Sishir Kumar and founded in 1876 the Indian Association which was the first political organization of the salaried and professional gentlemen of Bengal.[13]

## *Agrarian Issue, Urban Dissension*

The establishment of this organization had coincided with widespread agrarian unrest in eastern and central Bengal which had put the landlords' organization, the British Indian Association in a tight corner. Naturally, the Indian Association used the rent question to contain politically the rival British Indian Association. Logically enough the Indian Association took its stand on the concept of tenant right. It organized mammoth meetings of the ryots in different parts of Bengal.[14] It wholeheartedly supported the recommendations of the Rent Law Commission, 1879. It stated that the Government possessed the right to enact laws for the benefit of the tenantry and suggested a number of pro-tenant measures.[15] The pro-tenant activities of the Association thus marked the beginning of a new and distinct phase in the history of mass political agitations in Bengal. Paradoxically enough, a rural problem thus became the subject of urban politics.

In this interesting urban political struggle over a basically rural socio-economic issue, the pro-ryot liberal intelligentsia came face to face with the pro-landlord conservative intelligentsia led by men like Joykrishna Mukherjee the zamindar of Uttarpara, Krishnadas Pal, Digambar Mitra, Narendra Krishna Deb and Jotindra Mohan Tagore.[16] These men were also the products of new education in Bengal.[17]. But they saw the problem of agrarian relations from the narrow angle of the landlord class since most of them were in control of rural landed property.

Thus, before the new Tenancy Act was put on the books, the Bengali intelligentsia stood divided. Broadly speaking the salaried and the professional people who had little or no rentier income championed tenant right while a section of the intelligentsia which possessed considerable landed property and enjoyed in consequence a higher social status exerted pressure on the government to stabilize the position of the landlords.

## III

The liberal intelligentsia could view the problem from an angle materially different from the landlord perspective and tenant point of view. They could grasp the fact that the existing rent law had failed to define correctly the landlord-tenant relationship in Bengal.[18] Quite naturally, almost all the leading representatives of the liberal intelligentsia advocated a change in the existing rent law.[19] Some of them like Dwarkanath Vidyabhushan, the editor of the Bengali journal *Som Prokash* and R C Dutt, then a young civilian who later became a noted economic historian, called upon the government to make a permanent settlement of the rents payable by the tenants to the landlords.[20] The liberal Bengali press also wanted changes in the existing rent law and pointed out its chief defects from time to time.[21]

In contemporary literature too, we notice not only a reflection of the problem but also an awareness of the depressed conditions of the tenantry. Mir Musharaff Hussain, a village playwright published in 1873 a play *Jamindar Darpan*(a Mirror for the Zamindar).[22]In the same year, a novel by an anonymous writer, entitled *Asha Marichika* came out from Pabna.[23] A year later Rev. Lal Behari Dey, Professor of English, Hugli College, wrote the fiction *Bengal Peasant Life* or *Govinda Samanta.*[24] It is interesting that this novel won a prize donated by Joykrishna Mukherjee of Uttarpara, a noted landed magnate and politician of the British Indian Association, who was staunchly pro-zamindar in his stand against the first draft of the Bengal Tenancy Act. This is a genuine contradiction: it merely emphasizes the complexity of the feelings regarding the peasantry of even the landed magnates, a "nexus between man and man" which was the hallmark of feudalism to Marx and Engels in the *German Ideology* and the *Communist Manifesto.*

## *Class Interests and Attitudes*

These publications brought into focus the oppressive character of landlordism in Bengal. Mir Musharaff's play in particular was staged in the rural areas and served as popular propaganda against the landlords. "It so moved the peasants that they broke into tears and solemnly vowed never to fogive the zamindars."

R C Dutt published in 1874 his famous book *Bengal Peasantry* which, among other things, analysed the causes of the agrarian movement in Pabna and suggested measures for the solution of the problems caused by strained agrarian relations. Parbati Churn Ray's documented work, the *Rent Question in Bengal* published in 1883 defended tenant right and tried to counter the landlords' arguments in favour of enhancement of rent.

The pro-tenant stance of the liberal elite however did not really cut deep. While they were quite vocal in favour of tenant right, the representatatives of the liberal intelligentsia were not prepared, as yet, to disturb the superstructure of the Permanent Settlement[25]. Not unnaturally they condemned peasant violence. Bankim Chandra Chatterjee, the foremost Bengali novelist, understood the oppressed conditions of the tenantry. But he unequivocally deprecated peasant violence and advised Mir Musharaff Hussain to stop the sale and distribution of his play *Jamindar Darpan,* because he apprehended that the staging of the play would help to create a climate of peasant violence.[26] This demonstrates the extent to which the influence of social environment and class interest could determine the social attitudes of even a literary critic. The liberal newspapers like *Bengalee, Som Prokash* and *Sulabh Samachar* were also duped by persistent landlord propaganda and asked the government to take stringent measures to suppress violent peasant movements.[27]

One can therefore see that notwithstanding its apparent sympathies for the tenantry, the liberal intelligentsia dreaded the spectre of a social revolution. Precisely for this reason it mistook the legalistic and non-violent agrarian protest of the tenantry in eastern Bengal for armed peasant insurrection and became in consequence as much panicky as the landlords. Ironically enough it was this interpretation which was to lead recent historians to identify the Pabna disturbances with armed peasant revolt [28]— an ironic comment on the liberal origins of this new intelligentsia and its patronizing stance to the peasantry.

In fact, the nineteeenth-century liberals sought to restrain, in their own interest, both the landlords and the tenants, extended support only to the occupancy ryots and hardly ever came forward with any scheme of radical agrarian reform for the protection of the economic interests of the lower peasant groups such as non-occupancy ryots, the share-croppers and the agricultural labourers. Consequently no real link could be established between the liberal urban intelligentsia and the actual cultivators.

## *Double Tragedy*

The salaried and the professional gentlemen of the city of Calcutta thus took advantage of the agrarian crisis in Bengal in the late nineteenth century and sought to win a political battle against the absentee landlords and their supporters, the conservative intelligentsia. In this political struggle of the urban elite, the grievances of the ryots were used by the liberal elite to embarrass the landlords. Yet the liberals deliberately refrained from giving the discontent of the tenantry the shape of an organized peasant movement, since they feared that any such movement would disturb the existing property relations and the emerging *bhadralok* balance of social equilibrium. It is also significant that the Indian Association perhaps deliberately did not organize any peasant meetings in the eastern Bengal districts where agrarian tensions were particularly acute. The movement of the tenantry in eastern Bengal was therefore a spontaneous movement which did not receive any material help from outside. A section of the Bengali intelligentsia merely took advantage of the unrest to emerge as the self-appointed guardians of the Bengal tenantry.

Rent politics in Bengal was therefore a bipartite response of the liberal intelligentsia and the conservative elite to the challenge of the occupancy ryots and their combinations. In this politics of the elite the role of the ryots was that a *deus ex machina,* sensed as a danger, though not yet articulate in a composite way, combinational but not associational, an element in the calculations but not a direct bargainer. Agrarian unrest in eastern Bengal brought the ryots as a backdrop to the bipartite bargain. But the bargain was conducted over the ryots' heads. The result was a deep tragedy: the tragedy of disappointed *ryot* hopes and greater tragedy of *bhadralok* hopes fulfilled.

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[1] For details see Kalyan Kumar Sen Gupta, "The Agrarian League of Pabna", *Indian Economic and Social History Review*, June 1970 pp 253-269. Also K K Sen Gupta, *Pabna Disturbances and the Politics of Rent*, New Delhi 1974, pp 20-94.

[2] Kalyan Kumar SenGupta,"Agrarian Disturbances in Eastern and Central Bengal in the Late 19th Century,"*Ibid.*, June 1971,pp 192-212.Also KK Sen Gupta, *op.cit.*, pp 95-116.

[3] Anil Seal, *The Emergence of Indian Nationalism, Competition and Collaboration in the Later 19th Century*, Cambridge 1968; Pradip Sinha, *Nineteenth Century Bengal*, Calcutta 1965; "Social Change", N K Sinha (Ed.) *History of Bengal*, Calcutta 1967, T R Metcalfe, *Aftermath of Revolt, India, 1857-1870*, Princeton 1966; Benoy Ghosh, *Banglar Samajik Itihaser Dhara* (in Bengali), Calcutta 1970; "Changing Elite of Bengal" S Sinha (Ed.) *Cultural Profile of Calcutta*, Calcutta 1972; E Komarov, "Social Thought in Bengal" Reisner and Goldberg (Eds.) *Tilak and the Indian Freedom Movement*, Delhi 1966; B B Majumdar, *History of Indian Social and Political Ideas*, Calcutta 1967; Bipan Chandra, *The Rise and Growth of Economic Nationalism in India*, New Delhi 1966.

[4] Benoy Ghosh, *op. cit.*, pp 200-236.

[5] *Ibid.*,

[6] Anil Seal, *op. cit.*, p 54. Seal, writes, "It was in part this unearned income from land which financed their incursions into literary and political pursuits". As a matter of fact, the membership list of one of the earliest forums of the 19th century Bengali elite the *Atmiya Sabha* (1814) of Ram Mohan Roy included a large number of aristocratic names: Gopimohan Tagore, Ananda Prosad Banerjee of Telinipara, Kalinath Roy of Paki, Dwarkanath Tagore and Raja Kalishankar Ghoshal. See Benoy Ghosh, *op. cit.*, pp 200–236.

[7] Anil Seal, *op. cit.*, p 46. The famous disciples of Derozio, the "Young Bengal" as they were commonly known, Tarachand Chakravorty, Krishna Mohan Banerjee, Radhanath Sikdar, Ram Gopal Ghose, Akshoy Kumar Datta among others came of relatively indigent families. See Nirmal Sinha (Ed.) *Freedom Movement in Bengal, Who's Who*, Calcutta 1968; Benoy Ghosh *op. cit.*, p 201.

[8] Benoy Ghosh, *op. cit.*, pp 199-201.

[9] A contemporary observer had noted: "This section of the people have been taught, perhaps beyond the needs of their station and they fret at the want of an opening. They are clerks, writers, editors, pleaders, doctors... many of them maintain a constant agitation in favour of native right to further political power". See B Martin, *New India, 1885.*

[10] The liberals at first tried to take over the Central Committee of the B I Association. They then attempted to form branch committees of the Association in the districts and sought to bring down the subscription rate of the Association from Rs. 50 to Rs. 5 per month to attract a larger number of salaried and professional men. See Seal, *op. cit.*, p 210.

[11] Seal, *ibid.*

[12] B Martin, *op. cit.*, p 33. Sishir Ghose who was an ardent champion of *ryoti* interests at the time of the indigo disturbances when the smaller landholders joined the ryots in

their battle against the planters, took a positively anti-tenant stand in the 70s. Contemporary files of *Amrita Bazaar Patrika* which was edited by him bear ample testimoney to this fact.

[13] Seal, *op.cit.*, p 210. Stressing the necessity of a separate political organization for the Bengali middle class, one of the founders had remarked, "Since the B I A is an organization of the rich, the men belonging to the middle class cannot become its members. Yet their growing numbers and influence necessitate the formation of a separate political organization for them". Quoted in Narahari Kaviraj, *Swadhinatar Sangrame Bangla*, Calcutta 1957.

[14] On January 15, 1881, some thousands of ryots assembled at Kissangunje and wholeheartedly supported the Rent Bill (*Bengalee* January 15, 1881). On February 6, 1881 another large meeting of the ryots was held at Rohuta in 24-Parganas (*ibid.*) Meetings were also held in Nadia, Birbhum, Baidyabati, Burdwan and Calcutta (Fourth Annual Report of the Indian Association dated May 15, 1881, *Bengalee* July 2 and August 20, 1881). It is significant that these meetings were financed by the Maharajah of Darbhanga, a well-known landowner, See Martin *op. cit.*, p 314.

[15] Fourth Annual Report of the Indian Association, May 15, 1881.

[16] B Martin, *op.cit.*, p 286.

[17] "Though most were educated to the college level there were fewer university men than in the Indian Association" (cf. B Martin, *op. cit.*, p 287).

[18] In fact the Act was only a half-measure which did not serve the interests of either the landlords or the tenantry. Under the Act, the new occupancy ryot was required to furnish the almost impossible proof that he had held every particular field for twelve years. The landlords could also evade the law by shifting his tenant from one field to another to prevent the accrual of occupancy right. Apart from this, the law allowed the ryots to contract themselves out of occupancy rights. Consequently capricious landlords often successfully forced the ryots to give up his occupancy title. Moreover the Act neither gave the occupancy ryots any protection from incessant enchancement of rents nor determined any rules for fixing an equitable rate of rent. Besides the Act did not define the occupancy ryots' right to improvements nor did it specifically determine his right in them in the event of his eviction. See Radharaman Mukherjee, *Occupancy Right*, Calcutta 1919, p 95. Also B H Baden-Powell, *The Land System of British India*, Vol I, Oxford MDCCC XII, p 647. See also K K Sen Gupta, *op.cit.*, pp 117-123.

[19] Dwarkanath Vidyabhushan, the erudite editor of *Som Prokash*, Harinath Majumdar editor of *Grambaria Prakashika*, Bankim Chandra Chatterjee the novelist, R C Dutt the civilian all spoke against the Rent Law. Bankim in particular felt that Act X had failed to become the *Magna Carta* of the ryots. It was his contention that the number of ryots whose rents could not be raised was quite insignificant. He therefore put forward the candid question:"What kind of law is that by which the weak alone are punished and which is not applicable to the powerful?" (Bankim Chandra Chatterjee, "Bangladesher Krishak", *Bankim Rachanavali*, Sansad Edition, pp 257-314. Also R C Dutt, *Bengal Peasantry*; Calcutta 1874, pp 210-214, *Grembarta Prakashika*, March 17, 1875 (R N P 1875) and BB Majumdar, *op. cit.* p 98).

[20] R C Dutt *op. cit.*, pp 210-214, Majumdar, *op. cit.*, p 98. This was however not an original proposal. In 1864, Charles Trevelyan, the then Finance Member of the Government of India had put forward an identical proposal to the government. See T R Matcalfe *op. cit.*, pp 180-183.

[21] *Sulabh Samachar* September 2, 1873 (RNP), *Sahachar* Feburary 16, 1874, (R N P), *Bengal Magazine*, August, 1873. See also Manju Chatterjee, "Pabnar Krishak Bidraha," *Parichaya*, 1377 B. S., p 1307. The leading Brahmo newspaper of Dacca, *Bangabandhu* clearly stated, "The indifference of the landlords for the welfare of the tenantry and their insatiable lust for money have destroyed the ryots' peace of life. The government should come forward with a new measure so that both parties could live in

peace." (Quoted in Manju Chatterjee, *op. cit.*, p 1307). The *Sahachar* was of the opinion that it was incorrect to assume that the zamindars were the sole proprietors of land and therefore they should not be allowed to appropriate all the profits which had resulted from the rise in land prices (*Sahachar*, February 16, 1877. RNP).

[22] This was a play in three acts. It drew a vivid picture of the atrocities of a Muslim zamindar, Haiwan Ali of Hawalpur who ravished Nur-un-Neher, the wife of his defaulting tenant Abu Mollah. On the complaint of Abu Mollah, the lower court committed the zamindar to the sessions but the European judge accepted the verdict of a corrupt jury and dismissed the case against Haiwan Ali. For more details about the life and work of Mir Musharraff see Sujit K Sen Gupta, "Eksho Panchis Bacharer Aloye Mir Musharraff Hussain," *Desh*, July 14, 1973.

[23] This novel described the atrocities of the Sanyals, a leading zamindar family of Pabna which witnessed in 1873 widespread agrarian protest of the tenantry. Cf. *Bengalee* July 26, 1873. Apart from this reference no information pertaining to the novel is available to the author. See also K K Sen Gupta, *op. cit.*, p 28.

[24] It dealt with the acts of oppression on Govinda Samanta, a ryot of village Kanchanpur in the district of Burdwan by his landlord.

[25] *Som Prokash* wrote on October 3, 1873: "We do not wish to see one class benefited at the cost of another. On the contrary, it is our prayer that impartial justice may be meted out...that the weak be protected from oppression, that the night of trouble of the ignorant and dumb ryots may for ever pass away". *Sulabh Samachar* noted on September 11, 1873: "The government should compel the zamindars to fulfil their *obiligations to the ryots under the Permanent Settlement* (Italics added). The *Dacca Prokash* stated on June 2, 1873:"Our zamindars ought to be careful, *it is not desirable that they should disappear altogether from the face of the earth*". (Italics added). The *Rajshahi Samachar* pointed out on June 23, 1873: "We are neither of those that seek to recover for the zamindars the rights lost to them by the passing of Act X nor of those that proposed to obtain an extension of the rights of the tenantry."

[26] Chatterjee wrote in *Bongadarshan, Bhadra,* 1280 BS, p.237: "We have been pained and disgusted by the Pabna ryots. It is unnecessary to add fuel to the fire. We advise that the author should forthwith stop the sale and distribution of the play."

[27] The *Bengalee* stated on July 5, 1873: "Though our sympathies are invariably in favour of the oppressed against the oppressor we have none to spare for the Pabna ryots. If they were oppressed by zamindars, they had the courts of justice open to them. Nothing can palliate, much less excuse the outrages which are committed by them." *Som Prokash* remarked on June 7, 1873: "Our request is that the Lieutenant Governor would enquire and find out the leaders of the present disturbances and visit them with severe punishments." *Sulabh Samachar* commented on July 15, 1873: "The government will pay attention to the grievances of the ryots. They are no doubt guilty because of the affrays in which they were engaged after they had rebelled and the trouble and loss to which they have put the peasantry at large."

[28] Cf. Kalyan Kumar Sen Gupta, "Peasant Struggle in Pabna (1873): Its Legalistic Character" *Nineteenth Century Studies*, Calcutta, No 3 July 1973.

*Abbreviation:* RNP—Report in Native Newspapers (Bengal).

*G V RAO*

# *Democracy versus Totalitarianism*

THE "totalitarian" label is the logical extension of the accusation of voluntarism, which critics fondly attach to Lenin's theory of revolution. Being the direct opposite of democracy, totalitarianism means the concentration of absolute power in the hands of a tiny band of people who rule in a despotic fashion. The bourgeois ideologists speak of communism and totalitarianism in the same breath on the grounds that communists advocate the dictatorship of proletariat. The bogey of totalitarianism is dragged out to indicate the apparent incompatibility of socialism and democracy.

Knowing full well that Marxism incorporated the best democratic ideals of the past and gave them a rational basis, the detractors set out to show that Lenin's ideas are at odds with Marxism on this particular point. Rane Ahlberg writes that "Lenin definitely deviated from the democratic interpretation of Marxism."[1] And Sidney Hook's view is that "the conception of the dictatorship of the Party over the proletariat...makes an absolute break with all the democratic traditions of Marxism."[2] Attempts to show that the idea of the dictatorship of the proletariat is alien to the thinking of Marx and Engels simply do not stand up to examination. Lenin wrote *The State and Revolution* after a careful study of the many writings of Marx and Engels on the subject and demonstrated that the dictatorship principle had been one of Marxism's salient ideas ever since its inception. He defended the idea against the attacks of Kautsky and his followers, and took it a step further on the new historical experience, thereby enriching the democratic traditions of Marxism. The bourgeois critics do not, and mostly will not, understand how it is possible to support proletarian dictatorship and democratic ideals at one and the same time. The root cause of the lack of understanding, as Lenin shows, is their ridiculous counterposing of dictatorship *in general* to democracy *in general*, without any specific examination of what class or classes the dictatorship refers to, or without a comprehension of the class meaning of democracy.

In their haste to discredit the very concept of proletarian dictatorship, Western social scientists identify it with totalitarianism, as Brinton makes painfully obvious in his book *The Anatomy of Revolution*: "The dictatorship of the extremists is embodied in governmental forms as a rough-and-ready centralization"[3]. It signifies coercion and suppression of liberty, it is "their extraordinary mixture of spiritual fury, of exaltation, of devotion and self-sacrifice, of cruelty, madness, and high-grade humbug"[4]. Dictatorship, Brinton continues, is needed by 'extremists' to build their new utopia, their heaven on earth, in a brief span of time. To these ends, they wage a savage campaign against all human vices and foibles. Even sloth is adjudged criminal; all emotional enjoyments are proscribed and officially-prescribed asceticism becomes the rule. The man-in-the-street finds himself bound by rules and regulations that he cannot stand for long; eventually dictatorship gives way to terror as the rulers try to compel him to bow to the new regime. That is how Brinton gloomily depicts dictatorship by the revolutionary classes.

## *Dictatorship of Monopolist Oligarchy*

Dictatorship is synonymous with terror in Brinton's mind. It would be idle to pretend that dictatorship is not associated with coercion. Is not the dictatorship by monopoly capital connected with coercion of the majority of the populace in the capitalist world, even in the most bourgeois democratic states? Those who doubt this may ponder on the following facts and figures. The share of the wealthiest American families, who make up only one per cent of the US adult population, accounted for no less than 40 per cent of the total personal wealth in the early 1970s. A small number of finance-oligarchical groups in the United States are able to wield their wealth and government ties to dominate the country's economy and direct it towards an even greater enrichment and consolidation of their tutelage. One might justly ask if it is not violently flouting the will of the majority when a few monopolies control and use the economy of the entire nation.

The monopoly bourgeoisie extends their control of the economy to that of politics, here too flouting the popular will. That is especially apparent in countries like Spain where blatantly dictatorial regimes prevail. But even where democratic standards of politics are formally recognized, they are continually violated and encroached upon by the 'power elites' who sometimes hide behind the skirts of state control and sometimes openly fill key posts with their own men. In so doing they are not averse to employing direct political suppression against their adversaries as numerous examples show every year in one capitalist state after another.

Bourgeois sociologists have propounded the doctrine of 'power diffusion' under capitalism. Talcott Parsons, for example, postulates that there is a tendency to concentrate control of force in government hands. But that does not apply to power, for "...power should be regarded as a circulating medium that operates throughout the society wherever organizations in the sense of collectivities exist"[5]. Parsons includes in such organizations, alongside the government, factories, unions and even families and friendly societies who also enjoy a certain amount of power. Seymour Lipset continues the same line of thought in maintaining that in American society, all the conditions exist for 'a stable democracy':

> Lower-class individuals, and groups that desire to change their social position *need not be revolutionary.* The dominant values of the society legitimize their aspirations. Consequently their political goals and methods are relatively moderate and even conservative. They attempt to make changes by playing according to the game[6].

In this scheme of things, democracy is portrayed as something ideal and pure: power is diffused among all organizations and units, and any social group may attain considerable power if it plays the game according to the rules. The only flaw in the idyll is that it is far removed from American reality. How is it, one might ask, that American democratic forces have played the game for many years and have not yet won full civil rights for the Negro people ? Why is it that the grand 'stable democracy' lives cheek by jowl with rabid racism, with tendencies bordering on fascism, and terror in relation to democratic leaders and organizations ? The most appropriate description of dictatorship by the state-monoply oligarchy comes from the very heart of 'democratic' America—the "sick society".

## *Crass Means of Political Control*

Parsons is right in saying that it is not force alone that distinguishes the role of the power elite in present-day bourgeois society. There has developed a constantly improving complex and flexible system of political control that safeguards the domination of capital. Parsons himself provides an entire gradation of political control methods: force is supplemented by coercion, inducement, persuasion and activation of commitments. Threats and warnings further serve to perpetuate political control as too does the creation of a person expressing discontent is deprived of certain benefits, whereas greater benefits accrue if he behaves and is obedient. The key implements of policy formation lie in the hands of the state which is in turn controlled by the large-scale capital through a system of ramified ties. Not a single organization or social group can break this monopoly power by adhering to the rules of the game. So much for the monopolists' democratic facade !

The vast ideological machine is employed in the bourgeois world to one end: to inculcate an outlook in people which confines them to notions and prejudices that serve the interests of society's capitalist overlords. In the final analysis, everything depends on who pulls the strings of the spiritual production and formation of public opinion. Formally, free speech and free press carry the right to speak your mind and convey any opinion to all and sundry. The facts speak differently: the big newspaper concerns, radio and televison companies dominate the selection and interpretation of information. The working-class and left-wing press has desperately to struggle to survive against rugged competition: radio and television are virtually inaccessible to them. In a nutshell, any person is free to speak his mind but he cannot think freely, since his source material has been chosen tendentiously; his very thought-process is persistently filled with ideological myth, prejudice and bias. In the realm of culture, the writer or artist is once again formally free to select the ideological subject matter of his work. Between him and the public, however, stands the customer who may employ an editor, producer and entrepreneur or art exhibition organizer to put the work of art through the filter of ideological criteria that best suit the self same state-monopoly elite. Of course, despite the obstacles, conceptions and works do appear that cut across the interests of capital. That is not the point: what matters is the general tenor of cultural affairs in modern capitalist society which sets stringent restrictions on freedom of thought and creativity, and impoverishes the people's spiritual world for the sake of capital's philistine class interests.

Capital's dictatorship and political fiat cannot be broken on the basis of the same socio-economic and political system which capital created. Radical changes are needed, measures have to be taken that exceed the 'rules of the game set by bourgeois authority, measures that above all intervene in property and power relations. What social forces can deal with such a task of immense complexity?

## *Working Class Leads Changeover*

Marx and Engels studied capitalist society's socio-economic structure and came to the conclusion that of all classes only the workers occupy a position in the social production system that permits them to undertake the historic mission of liberating society from capital dictatorship and exploitation. Because they are untrammelled with any form of private property, are organized by the very mechanism of capitalist production, and are central to large-scale industry—that all-important economic sphere were the material requisites are maturing for socialism's inevitable triumph—the workers are capable of taking on capitalism in a consistent and decisive confrontation. Hence the Marxist conclusion that after capitalism is toppled and until socialism is completely won, the working class is to hold on to the reins of power so as to eradicate capitalism and arrange the building of socialism. There lies the whole *raison d'etre* of proletarian dictatorship in Marxist thinking.

Dictatorship by the proletariat certainly does not imply that workers have of necessity to hold all government posts, in the same way that dictatorship of capital does not mean that all civil servants are capitalists. Proletarian dictatorship signifies that political power rests with the working class, it implements that policy which reflects its essential interests, notably the policy of socialist construction. Undoubtedly, everyone and all social groups capable of accepting the policy of uncompromising fight for socialism can take part in putting that policy into effect. The body of such people naturally grows as they accumulate historical experience. Over half a century ago in its struggle for power in Russia, the working class entered into alliance with the poor peasants. Today, the circle of its allies is much wider in many countries. Yet even in these circumstances, a working-class dictatorship is necessary to emancipate society from the visible and invisible forms of monopoly-capital dictatorship and to ensure stable progress for the socialist revolution.

## *Crime and Punishment*

Without using force against the exploiters the task cannot be achieved, for the simple reason that finance capital will never cede privilege without putting up a fight. Revolutionary forces threatening that privilege will have to batter down resistance of the intricate mechanism of economic, political and cultural influence of the monopoly bourgeoisie. Force in this instance is directed not against the people but against a tiny minority who have usurped power.

Force and terror are far from synonymous. Terror is an extreme form of force used against enemies of the revolution only when they take up arms against majority will.Revolutionary terror, incidentally,as LP Edwards admits, is the least bloody of all phases of a revolution.[7] During the Jacobin Terror, for example, a little over 2,500 people in Paris went to the guillotine. Throughout France mortality did not surpass 17,000. More than 400,000 people lost their lives during the Vendee revolt, and 700,000 French soldiers perished in wars against external counter-revolution. Edwards is absolutely correct in his observation that if it be calculated that the terror did no more than prevent another revolt such as Vendee, it saved twenty-five lives for every one it cost.[8] Furthermore, the coercive measures to which the revolutionary class dictatorship has to resort give low priority to terror. Force may take milder forms of coercion and workers' control of the activities of the erstwhile exploiters. Lenin said that in certain conditions on the way from capitalism to socialism, "if the Soviets punish those capitalists who evade the most detailed accounting or who deceive the people, punish them by confiscation of all their property and arresting them for a short time; that will be sufficient to break all the resistance of the bourgeoisie by bloodless means."[9]

The main thing is that force in no way typifies proletarian dictatorship, which stands for the establishment of socialist relations and involvement of the whole populace in creative endeavour for the first time in history. That is why proletarian dictatorship can only entail far-reaching socialist democracy, a democracy for the vast bulk of population, for all working people.

## *Spectre of Workers in Command*

True enough some bourgeois sociologists understand that proletarian dictatorship is a political organization of the masses led by the working class, that it expresses the interests of 'mass man'. All the same, the notion as we shall see, is expressed by apologists for contemporary capitalism in a negative way with an admixture of a fair amount of blunt class contempt and even hatred for the common people. The 'mass man', writes Robert Daniels,

> is natural totalitarian... is a fertile subject for demagogy and the might which he now represents offers the demagogue a ready road to the acquisition of power—totalitarian power. Totalitarianism, in this perspective, is the rebellion of the upsurging mass man against civilized (read "capitalist"—GVR) society, which he resents both because it formerly dominated him and because it still holds up to him standards of accomplishment to which he cannot or will not measure up.[10]

In expressing his class intolerance and aristocratic contempt for the 'mass man' who dares to oppose monopoly dominance, the anti-communist ideologist also touches upon the chief motive which makes his colleagues such bitter opponents of proletarian dictatorship : abhorence of the prospect of the working people gaining power. Sociologists in academic mortars and gowns fear, at times consciously, other times intuitively, not totalitarianism *per se*, but democracy in its real sense as rule by the 'people' those same 'mass men' about whom the American anti-communists write with such distaste and contempt.

The mass is counterposed to the individual. Revolutionary dictatorship is supposed to suppress the individual. Hannah Arendt maintains that, "...the theory of terror from Robespierre to Lenin...presupposes that the interest of the whole must be automatically, and indeed permanently, be hostile to the particular interest of the citizen".[11] The word "consent" was replaced by the word "will", which essentially excludes all processes of exchange of opinions and an eventual agreement between them. The will if it is to function at all, must indeed be one and indivisible, "a divided will would be inconceivable", and there is no possible mediation between wills as there is between opinions.[12]

So, the one and indivisible will of the whole embodied in the dictatorship of the revolutionary class, in Arendt's opinion, opposes the citizen as some alien force. It is clear above all that by the private interests of the "individual in general"she means the fully defined interests of the individual belonging to "aristocracy of the spirit" and representing, in other words, the dominant class. For such an individual, dictatorship by revolutionary classes may well seem absolutely alien, grossly shattering the very foundations of his 'free way of life'. In that sense, it cannot refer to the interests of a mass man's individuality which is despised and slighted by 'aristocrats of the spirit'. Yet it is precisely his essential interests that the revolutionary dictatorship expresses. The entire system of economic, socio-political and ideological relations prevailing in bourgeois society stand opposed to the ordinary person, restrict and distort the development of his individuality. Naturally, he is deeply interested in destroying the capitailst set-up and establishing socialist society. Proletarian dictatorship expresses this common interest of the great majority and opposes the common interest of the ruling minority personified in the bourgeoisie's political dictatorship.

## *Working-Class Discipline and Legality*

The oppressed classes do have their own special, individual interests in addition to a common class interest. During the revolution which demands exceptional self-sacrifice from the working class and its allies, a situation may arise when it is necessary to subordinate these special interests to the common cause. In most cases this clash of interests is resolved through revolutionary precedence to public duty.

In capitalist society, the bourgeosie does all it can to prevent the ordinary workingman from realizing his common class interest, and tries to confine his outlook within the narrow framework of simple joys and sorrows, and a consumer-oriented psychology. This it does by perpetrating ideological myths and prejudices. Dictatorship of the proletariat raises the ordinary man to the level of active creator of new social relations, involves him in essential government work, widens his horizons in understanding the purpose of life, and reveals the true measure of human happiness. People begin to appreciate their common class interest as they campaign for salient values of life and accordingly show their willingness to make sacrifices when need be.

It is certainly true that dictatorship of the revolutionary class embodies unity of purpose in fighting for common objectives against the common enemy. It is further true that unity of purpose during the tense struggle places on every revolutionary participant the obligation to subordinate himself to the general revolutionary discipline. It is certainly not true, however, that proletarian dictatorship stifles individuality, deprive it of its individual traits and talents. Unity of purpose means unity of action of revolutionary classes. The direction and nature of such action depend on the single programme which, in turn, is based on ideological principles common to the class. The whole class has a hand in the great creative task of drawing up the programme, strategy and tactics of revolution, its forms and methods. Unity of purpose does not preclude, it presupposes in fact, the widest democratic exchange of opinion among everyone taking part in the movement so that it can contain the general experience of mass struggle. That is the only way unity of purpose can be achieved, and it is essential if socialist revolution is to prevail.

Bourgeois sociologists assert that proletarian dictatorship somehow contradicts democracy inasmuch as it represents a power 'not tempered by law and relying on force'. They fail to mention that Marxists are referring to laws expressing the will of the exploiting minority and established by it so as to perpetuate the system of tyranny and violence against the people. Dictatorship by the revolutionary class simply could not resolve any urgent problems if it did not exceed the framework of bourgeois laws and bourgeois legality. It certainly does not threaten society with general anarchy or lawlessness, nor does it deprive the citizen of any defence of his rights. It expresses, in fact, a new revolutionary legality on behalf of the workers and protects them from abuse of power. The source of such legality is the will of the huge majority, the popular will that has manifested itself in direct action[13]. In regard to the forms of changing over to the new system of liberties and legality, and correspondingly also to forms of coercion against the new regime's opponents, this is a problem that cannot be resolved in the abstract; it hinges on the specific circumstances and development of the revolution, on the actual alignment of class forces.

## *Lessons of Russian Revolution*

In Russia, where the first link in the imperialist chain was broken, and where all the forces of domestic and foreign counter-revolution united against the working class,there could be no thought of adhering to the laws of formal democracy: the revolution's enemies were not observing any laws and were employing every means possible to bring down the Soviet government. Restrictions of formal democracy were inevitable for the sake of staving off the reactionaries and saving the gains of real socialist democracy.

In the restrictions which new governments in the history of revolutions have made to safeguard their gains from reactionary encroachments, bourgeois sociologists see confirmation of Franz Borkenau's concept of a 'law of dual development of revolution'. Accordingly, revolutions start with a fight against the bureaucracy of the old order, but end up by establishing even more severe forms of totalitarianism.[14] Borkenau's law is sheer twisting of the facts and falls down if tested against the October Socialist Revolution when proletarian dictatorship confined the rights of the minority for the sake of defending the principles of socialist democracy.

These partial and interim restrictions do not bear comparison with the system of restrictive measures implicit in bourgeois democracy and designed to keep the working people out of power and actually to deprive them of their formally proclaimed liberties. Yet even these restrictions on formal democracy stem not from totalitarian nature of proletarian dictatorship, as the proponents of the'sociology of revolution school' opine, but from the conditions of exceedingly fierce class struggle. Naturally enough, these restrictions created certain temporary difficulties in revealing the democratic essence of proletarian dictatorship: in the complex conditions of raging battles against the revolution's enemies it was hard to restrict the rights of the exploiters so that the restrictions did not in any way affect other sections of the population. That is why the democratic nature of proletarian dictatorship rises against these restrictions and it has to resort to them only for a comparatively short time while it puts down the most vicious forms of resistance by the exploiting classes.

In his last book, which he dévoted to the Russian Revolution, the late Isaac Deutscher referred to a 'tragic element' in the destiny of Bolshevism because once in power it sets itself up in "the position of revolutionary elite, without a revolutionary class behind it".[15] Consequently, the continuity of movement forward was broken: "The forms of socialism had been forged before the content, the economic and cultural substance was available, and as the content was being produced the forms deteriorated or were distorted".[16] Deutscher is here attempting to resurrect the discredited Menshevik idea of Russia being not ripe for socialism, and the Russian workers being too immature. By contrast with the Mensheviks, however, he has written a book not during the revolution but fifty years later. He has had to take stock of Soviet achievements in the course of the socialist revolution, yet he invents the supercilious sophism quoted above that makes the Soviet Union not capitalist or socialist, but goodness knows what. His reasoning betrays the pedantic philosophy of Kautskyism, a philosophy of passivity that is quite divorced from reality. The moral of the book is that the Bolsheviks should have waited. This is a moral dragged out of the opportunist archives at a time when fifty years of history of real live socialism had demonstrated that there could have been, and there can be, neither socialist relations in the USSR, nor other historic victories for communist civilization, nor fresh boundless prospects apparent today, had it not been for the active struggle to realize all the developing opportunities for the dictatorship of the working class which entered into the very content of the social process.

### *Democracy during Revolutionary Transition*

Socialism will never come to fruition if it is not fought for, if the lever of revolutionary power is not manipulated, if people simply stand by, arms folded, waiting for history to take its course. That is the veracity of Leninism, the evidence of half a century of social revolution of the working class. Bolshevik history is conspicuous for the dramas of tense struggle for socialism, not for its 'tragic element'.

One must not lose sight of the fact that the given conditions in which socialism initially formed have affected its appearance. The desperately difficult situation in which the first-ever proletarian dictatorship was established necessitated utmost centralization of power so that the government could deal with the enemies and the difficulties of building socialism. That made control from below difficult and contained dangers of misuse of powers. But the democratic essence of proletartan dictatorship ultimately enabled it to tackle effectively all the urgent tasks.

In a reference to the inevitability of certain restrictions of formal democracy in the USSR, Lenin forecast at the time that other countries might be able to avoid such strictures. The experience of history, in fact, goes to show that in certain circumstances during the transition to socialism working-class state control may be effected even without formal restrictions on democratic political liberties. "We had to exercise the dictatorship of proletariat in its harshest form"[17] Lenin reiterated. But in the East European socialist states, socialist transition showed that the proletarian dictatorship is feasible by milder, more democratic forms. The traditional standards and institutions of bourgeois democracy were not simply brushed aside, they were for the most part supplemented with a new class content, reconstituted and included in the proletarian dictatorship system.

Even more democratic forms of proletarian dictatorship are possible today when there is a new balance of power in the world, when the ideas of socialism have gained such enormous currency in the countries where the workers are winning over the bulk of the population, politically isolating monopoly bourgeoisie and depriving it of any means of putting up serious resistance to socialist changes. Democracy under capitalism, despite its class content, despite its restricted and formal character, is ultimately the result of popular struggle. If it were not for the people with whom it has to reckon, capital would by nature prefer a naked despotic dictatorship. It is the working class which in this day and age is the principal guardian of and fighter for democracy. Therefore, if the slightest opportunity arises, the proletarian dictatorship will undoubtedly contain democratic forms and istitutions that have arisen under capitalism, will purge them of all restrictions, imbue them with socialist content and put them at the people's service.

## *Proletariat, Enemy of Totalitarianism*

Historical experience of the USSR and other socialist states shows that proletarian dictatorship, as Lenin was always quick to point out, is democracy for the working people; it shows that within it there mature the elements and forms of communist public self-administration, and that it is itself one of the transitional stages to a society where the entire population takes part in running society.

At the same time, capitalist experience over the last couple of decades has reaffirmed that the much-vaunted bourgeois democracy is essentially dicatorship of monopoly capital. Present-day bourgeois democracy is undergoing a deep crisis and is riddled with contradictions that it can do nothing about. On the one hand, the bourgeois needs it for masking the unpopular nature of monopoly onnipotence; and, on the other, insofar as the balance of class forces is shifting and the anti-monopoly movement is very much on the upsurge, there is today a real possibility of extending and revitalizing democracy so as to curb monopoly power, do away with big capital's domination and create favourable conditions for the struggle for socialism.

Owing to the internally contradictory nature of modern bourgeois democracy, it may be increasingly used for the revolutionary offensive againt the essentially anti-democratic system of monopoly capitalism. The rule of the monopolies inevitably comes into conflict with the norm and principles of bourgeois democracy itself. The workers' parties forge a really nation-wide anti-monopolist coalition by protecting the democratic rights and liberties won by the people within the bourgeois system, by mobilizing public opinion to get these rights practically implemented and by extending them to new spheres of social relations. The working class thus becomes the mouth-piece of the entire nation's interests, and it may assume power and carry out socialist transformation by a national revolution which will overthrow the anti-democratic dictatorship of big capital.

Realizing the mortal danger to which the prospect of the working class becoming the leader of the democratic, anti-monopoly movement exposes the monopoly domination, the 'sociology of revolution' tries to portray the workers' revolutionary vanguard, the Communist Parties, as the vehicles of totalitarian aspirations. Marcuse's supporters, who provocatively equate revolutionary initiative to anti-democratism, are playing up the ideologists of Right-wing reaction. Marcuse maintains that the 'struggle for changes beyond the system becomes, by virtue of its own dynamics, undemocratic in terms of the system'.[18] Of course, a complete break with the capitalist system requires a qualitative leap from bourgeois democracy, which is inevitably limited by the power of capital, to socialist democracy, that is, democracy for the working people. But the dialectics of development is such that the consistent struggle for democracy waged within the framework of the capitalist system brings the workers and their mass allies to understand that radical socio-economic transformation is the only way of establishing actual democracy—the first stage of popular rule under which everyone takes part in the management of social affairs on an equal footing. By concealing this possibility, Marcusianism prods the revolutionaries into the sectarian road of conspiratorial action in isolation from the mass movement.

## *Fascism is Still Alive*

Today, the campaign by workers and their allies for democracy is increasingly and more markedly becoming an inherent part of the fight to win socialism. The bourgeois is therefore afraid of those formally established principles and standards of democracy which it advocated in the old days. It is not at all surprising that in several capitalist countries it is pandering to the whims of right-wing forces and the military who endeavour to sunder these links in the state in which democratic rights and traditions have materialized. That is precisely what happened in Greece after the colonels' coup. Elsewhere, the monopoly elite has not been strong enough to disband democratic institutions and therefore tries to deprive representative organs of all significance, to transfer all real power to government executive bodies, and to take them even from the formal control of elective bodies. The monopolies have become enemies of democracy and a source of totalitarian, fascist tendencies in contemporary bourgeois society.

Now that the archives have expressed the 'secrets' of the interrelationship of the nazis and monopolies in pre-war Germany, there is no denying that it was finance capital that brought Hitler to power. Here is a commentary by James Martin, who once served in the American military administration in West Germany:

> Pre-war movies had pictured the goose-stepping Nazis as the absolute masters of Germany. Hitler had only to command and the most powerful of the pre-Nazi potentates would stop and obey—or else... Our poking about in the Villa Hügel and questioning of Alfred Krupp and his works managers erased that impression. Adolf Hitler and his Party had never been allowed quite to forget that they had depended upon the industrialists to put them in office, and that in future they could go further with the industrialists' help than without it.[10]

One may object that there are states in the capitalist world where monopoly capital predominates without fascists in power. That is certainly true. The strong democratic anti-fascist movement in capitalist countries has hampered the establishment of fascist regimes, especially after the painful experiment tried out by Hitler and Mussolini. None the less, there remains soil fertile for the fascist weeds. The organism of modern bourgeois society is thoroughly infected with the metastases of fascism's malignant tumour. There is literally not one imperialist power where fascist tendencies in one form or another are not a force to be reckoned with. They are conspicuous in the urge to set up dictatorships, in the curbing of constitutional rights, in the activization of reactionary, fascist organizations and societies, in the persecution of democratic organizations, in the intensification of militarism and influence of the warlords, and in aggressive foreign policy. The whole point is that the domination by finance-monopoly groups of social relations is incompatible with democracy. The interests of the financial oligarchy are radically at odds with the interests of the people. Totalitarianism serves the monopolies as a means of retaining and entrenching their dominance.

## *Prospects of Democracy*

The roots of contemporary totalitarianism, if one may borrow a term from bourgeois sociology, do not lie where the bourgeois sociologists seek them. They are deeply embedded in the soil of the capitalist system, and if the sociologists could cast off the burden of their financial and spiritual dependence on the interests of monopoly capital, they would discover the sources of totalitarianism which has to be rooted out by the advanced class of the epoch expressing the will of the great bulk of the populace.

But, it is the sad task of the ideologists of imperialism to distract attention from reactionary trends of monopoly capitalism by high-sounding talk of communist totalitarianism.

The time is irretrievably gone when the finance oligarchy could do what they liked at home and abroad with impunity. Now, the example and mounting impact of socialism coupled with the unfolding revolutionary struggle of the working class and democratic forces in the capitalist states restrain totalitarian tendencies immanent in monopolies. This is a fact that once more proves the Leninist precept that the destiny of democracy in the imperialist epoch is indivisible from the workers' revolutionary movement, which has the support of all progressive forces of our day and age; it is indivisible from the prospects of socialism. Today, it is impossible to be a revolutionary democrat without being a socialist.

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[1] R Ahlberg, *Weltrevolution durch Koexistenz*, Berlin 1962, p 11.

[2] S Hook, *Marx and Marxists*, p 85.

[3] O Brinton, *The Anatomy of Revolution*, p 179.

[4] *Ibid.*, p 213.

[5] T Parsons, "Some Reflections on the Place of Force in Social Process" *Internal War* p 61.

[6] S Lipset, "Democracy and Social System", *Internal War*, p 272-73.

[7] L Edwards, *The Natural History of Revolution*, p 175.

[8] *Ibid.*, p 181.

[9] V I Lenin, *Collected Works*, Vol 26, p 38.

[10] R Daniels, *The Nature of Communism*, pp 289-90.

[11] H Arendt, *On Revolution*, New York 1963, p 74.

[12] *Ibid.*, p 71.

[13] Edwards is worthy of note on this point: "there is no lack of order in revolution, no lack of social control...No French laws have ever been obeyed half so carefully as the decrees of the Convention during the terror." (L Edwards, *op. cit.*, p 108).

[14] Borkenau himself gives his "Law" the following formulation: Revolution "...begins as anarchistic movements against the bureaucratic state organization, which they inevitably destroy; they continue by setting in its place another, in most cases stronger, bureaucratic organization, which suppresses all free mass movements." (F Borkenau, "State and Revolution in the Paris Commune, the Russian Revolution and the Spanish Civil War", *Sociological Review*,No. 29, 1937, p 67.) Rocert Waelder formulates this proposition in the following words: "Successful revolutions, it thus appears, are likely to replace an authoritarian regime with a totalitarian one."(R Waelder, *Progress and Revolution*, New York 1967, p 262).

[15] I Deutscher, *The Unfinished Revolution*: *Russia 1917-1967*, London 1967, p 31.

[16] *Ibid.*, p 38.

[17] V I Lenin, *Collected Works*, Vol 28, p 207. Elsewhere Lenin remarks that "other countries will travel by a different, more human road." (Vol 29, p 271),

[18] H Marcuse, *An Essay on Liberation*, Boston 1969, p 69.

[19] J S Martin, *All Honourable Men*, Boston 1950, p 83.

# DISCUSSION

## Marxism and India

*In reviewing* SEMINAR 178, *the June 1974 number on "Marxism and India", E M S Namboodiripad* (SOCIAL SCIENTIST 25, *August 1974) found a biased and negative approach in the assessment of the revolutionary political practice and theoretical work of the Indian communist movement. Ajit Roy follows up by concentrating on P C Joshi's* SEMINAR 178 *contribution, "Towards a Renewal" and joins issue with him on the 'ideas and criteria' introduced in the paper.*

NO Indian Marxist can honestly deny that weaknesses and shortcomings have hampered the fulfilment of the revolutionary role of Marxist-oriented movements in this country. Critical assessments of the historical evolution of the communist movement in India should therefore be entirely welcome to all Marxists, as criticisms and self-criticisms are an integral part of Marxism itself. Even a measure of "irate abuse" from smug bourgeois pen-pushers is not entirely unwelcome. For, as Lenin used to declare by quoting lines from the Russian poet Nekrasov:

> In savage cries of irritation
> We hear the voice of approbation,
> Not in dulcet sounds of praise.

*Seminar*, a monthly journal published from New Delhi, brought out in June 1974 a number devoted to Marxism and India. The editorial introduction to the central theme of the issue records its 'approbation', Nekrasov-style, of the Marxist movement in India when it observes in the movment's history only "vacillations between blunders and irrelevancies, both accompanied by a unique courage", or when it "is left wondering about the intellectual process of those professing to be Marxists." The readers of *Social Scientist* obviously need no refutation of these profundities. But there are other pieces in this issue of *Seminar* which deserve notice. What follows is an attempt at critical assessment of the paper "Towards a Renewal" by P C Joshi of the Institute of Economic Growth, Delhi. This particular contribution deserves special attention because of its originality. While the other papers in the issue have sought, with varying degrees of depth and seriousness, to analyse and dissect the weaknesses of the communist movement in terms of ideas and concepts broadly accepted and employed by the Indian communists, Joshi has introduced ideas and criteria which appear to be, at least to the present writer, quite new and original. More, behind Joshi's elaboration of the new concepts, one senses the articulation of a reformist intellectual-nationalist trend as opposed to the revolutionary proletarian-internationalist essence of Marxism. Hence, his exercise needs to be challenged. From close acquaintance with P C Joshi and his considerable volume of critical-analytical writings, the present writer is fully aware of Joshi's sincerity of purpose and honesty of intention. But the chain of his ideas which dovetail into almost a system has nothing in common with Marxism.

### *Divorcing Politics from Philosophy*

For instance, in Joshi's view, there can and should be "Marxism as an intellectual force, independent of the narrower Marxism of sectarian political groups", and there are different kinds of Marxism such as (i) 'political' Marxism, that is, the strategy and tactics of the capture of political power by the party of the proletariat, and (ii) "Marxism as a philosophical movement—as the continuation of the critical spirit of Enlightenment and as the stimulation of a higher level of critical self-consciousness".

Joshi holds that the concept of politics in the truly Marxist sense is "the extension of culture and ethics to the political sphere" and that the "role of the political party as an intellectual force should not be subordinated to its role as a mere instrument for the capture of power".

Marxist doctrine is of course built up of philosophical, economic and political components. But Marxism as a system of Marx's views and teachings is characterized by a "remarkable consistency and intergrity" whose "totality constitutes modern materialism and modern scientific socialism as *the theory and programme of the working-class movement in all the civilized countries of the world...*"[1]

Notwithstanding its momentous contribution to the sphere of philosophy, the Marxist system does not permit its division into 'philosophical' Marxism and 'political' Marxism, nor can the intellectual force of Marxism be in any way distinguished from its political impact. For, in a truly Marxist exercise, philosophy guides politics and politics enriches philosophy *at every step,* just as the intellectual force of Marxism strengthens its political impact and the political impact of Marxism adds to its intellectual force. Indeed, philosophy (intellectual comprehension) and politics or practice (revolutionary action) are organically inter-related in the Marxist world view, as is repeatedly stressed in Marx's *Theses on Feuerbach.*

On the subject of the inter-relation of philosophy, politics and economics, Gramsci, Joshi's favourite authority on Marxist theory, says:

If these three activities are the necessary constituent elements of the

> same conception of the world, there must necessarily be, in their theoretical principles, a convertibility from one to the others and a reciprocal translation into the specific language proper to each constituent element. Any one is implicit in the others, and the three together form a homogeneous circle.

Joshi says:

> ... in India Marxism gained popularity as 'political' Marxism—that is, as the strategy and tactics of the capture of political power by the party of the proletariat. Marxism as philosophical movement—as the continuation of the critical spirit of the Enlightenment and as the stimulator of a higher level of critical self-consciousness did not strike firm roots. The new forces growing within Indian Marxism therefore come up now against the formidable dead weight of the habits and ways of the era of 'political' Marxism.
>
> Let it also be noted that in the case of India, as in the case of many other countries, the historical sequence of development of Marxist thought has been reversed. The older generation of Indian Marxists shot up mainly as political activists rather than as Marxist intellectuals and as such they became familiar first with Stalinism (and to some extent with the political contributions of Leninism) rather than with the entire philosophical and cultural legacy of Marx, Engels or even Lenin.

## *Cultural Preconditions?*

Besides overlooking the fact that 'political' Marxism, that is, the strategy and tactics of the capture of political power is itself *an embodiment and application of the Marxist philosophy,* Joshi is somewhat wide of the mark even in respect of facts. The early pioneers and the first large influx into the Communist Party of India that came from the Andamans Prison and the detention camps in the thirties were quite familiar with the 'wider' aspects of the Marxist system. Although the "entire philosophical and cultural legacy of Marx, Engels and even Lenin" was not freely available in this country in those colonial days of censorship and thought-control, the older generations of the Indian Marxists had gone through a more systematic schooling in the theoretical base of Marxism than is the custom today. The many obvious failures of the Indian Marxists cannot be explained in such simple terms as is attempted by Joshi. The roots of these failures lie much deeper in the specific historical evolution of Indian society and can be unearthed only with a much more rigorous application of the Marxist methodology.

Joshi goes on to say:

> ... Marxism as an intellectual force, independent of the narrower Marxism of sectarian political groups, hardly grew in India. As a result the problems for integrating the struggle for power with the endeavour for a cultural renewal of the problem of creating the cultural preconditions of the struggle for power was seldom posed in

Indian Marxism as it was done in the writings of Marx, Engels, Lenin and later in the works of Gramsci and Mao Tse-tung.

One does not fully understand what Joshi means by "cultural renewal or the problems of creating cultural preconditions for the struggle for power". Marxism, as created by Marx and Engels, and later developed by Lenin and the others, never took shape "as an intellectual force, independent of the narrower Marxism of sectarian political groups". Incidentally it is not very clear what Joshi really implies by the adjective 'sectarian'. From the elaboration of his ideas throughout the paper, one presumes that Joshi is seeking to distinguish between a wider current of Marxist-oriented intellectual response to social developments and the theoretical political elaborations by a Marxist party seeking to apply Marxism rigorously. To come back to the substance of the question, Marx, Engels, Lenin and Gramsci were all foremost leaders of action-oriented parties or groups in their times. as also is Mao Tse-tung, and many of them, particularly Marx and Lenin were blamed by their opponents for their 'sectarianism'. Further, they never spoke of any cultural or ethical preconditions apart from the heightening of class consciousness through revolutionary class struggle. The first mature document of Marxism, *Manifesto of the Communist Party,* formulates the 'immediate aim' of the Communists as the "formation of the proletariat into a class, overthrow of the bourgeois supremacy, conquest of political power by the proletariat".[2]

## *No Abstract Intellectualism*

> Lenin elaborated the same ideas when he said that Marxism taught us how to discern, beneath the pall of rooted customs, political intrigues, abstruse laws, and intricate doctrines—the *class struggle,* the struggle between the propertied classes in all their varieties and the propertyless masses... It made clear the real task of a revolutionary socialist party...to organize *the class struggle of the proletariat and to lead this struggle, the ultimate aim of which is the conquest of political power by the proletariat and the organization of a socialist society.*[3]

The entire edifice of the theoretical works by the foremost Marxist thinkers grew up alongside and in course of their strivings to build up an adequate instrument for leading the proletariat in the struggle for power. Even Gramsci, whom Joshi seems greatly, and rightly, to admire, had no different perspective in his apparent preoccupation with the 'cultural dimension' of the revolutionary process. That by 'culture', Gramsci denoted not any abstract intellectualism, but only a deepening of the political consciousness and focussing it on the *urgent revolutionary task of the moment* will be clear from the following account of his own inner-party struggles for transforming the 'cultural' periodical *Ordine Nuovo* into an effective vehicle of revolutionary enlightenment for the guidance of mass revolutionary action. Characterizing the first few issues of the paper as "a journal of abstract culture and abstract information...disorganized, the product of mediocre intellectualism clumsily seeking an intellectual platform and a path of action", he upheld the

> proposal that we devote our energies to the discovery of a tradition of Soviets within the Italian working class, to seeking out the thread of real Italian revolutionary spirit—real because it coincides with a universal spirit in the workers' international, because it is the product of a real historical situation, because it is the result of the working class's own development.

To achieve this transformation,"We—Togilatti and I," Gramsci goes on to say, "plotted an editorial coup d'etat." The result was encouraging:

> The problem of the development of the Factory Committees became the central problem, it became the idea of *Ordine Nuovo;* it was put forward as the fundamental problem of the workers' revolution and of proletarian 'freedom'...
>
> The articles in *Ordine Nuovo* were almost a 'putting into action' of real events, seen as forces in a process of inner liberation and as the working class's own expression of itself.[4]

## *Cultural Advance through Revolutionary Struggle*

The above passages from Gramsci clearly reveal the real connotation of culture in Gramsci's terminology. It cannot be otherwise. For, culture, morality, ethos and so on are no independent valuations, but only ideational reflections of fundamental interests of particular social classes. These values acquire sharper identities only in proportion to the unity, consolidation and articulation achieved by the respective classes, with which process the values are dialectically inter-related. Leaving alone any cultural preconditions of the struggle for power, the degree of cultural advancement of an exploited and oppressed class is inextricably interwoven with the advancing process of class struggle and both are dependent on the development of the 'Modern Prince', that is the Communist Party. Gramsci further says:

> Can there be cultural reform, can the position of the depressed strata of society be improved culturally, without a previous economic reform and a change in their position in the social and economic fields? Intellectual and moral reform has to be linked with a programme of economic reform—indeed the programme of economic reform is precisely the concrete form in which every intellectual and moral reform presents itself. The 'Modern Prince' as it develops, revolutionizes the whole system of intellectual and moral relations, in that its development means precisely that any given act is seen as useful or harmful, as virtuous or as wicked, only insofar as it has as its point of reference 'the Modern Prince' itself, and helps to strengthen or oppose it. In men's consciences, the Prince takes the place of the divinity or the categorical imperative . . .[5]

That cultural and moral uplift of the downtrodden masses takes place in real life only in the course of revolutionary struggles will be seen from the following account given by Mao of the peasant struggle in

Hunan during 1926-27.

> As a matter of fact, although some of the poor peasant leaders certainly had shortcomings in the past, most of them have reformed themselves by now. They are themselves energetically prohibiting gambling and exterminating banditry. Where the peasant association is powerful, gambling and banditry have vanished. In some places it is literally true that people do not pocket articles dropped on the road and the doors are not bolted at night. According to a survey of Hengshan, 85 percent of the poor and peasant leaders have now turned out to be quite reformed, capable and energetic. Only 15 per cent of them retain some bad habits. They can only be regarded as the few 'undesirables' and we must not echo the local bullies and bad gentry in condemning indiscriminately everybody as 'riff-raff.' To tackle this problem of 'the few undesirables', we can only, on the basis of the association's slogan of strengthening discipline, carry on propaganda among the masses and educate the undesirables themselves, so that the discipline of the association may be strengthened. . .[6]

## *Accepting Workers' Hegemony*

One of the major shortcomings of Joshi's understanding of Marxism appears to be his failure to grasp the immense significance of the concept of the dictatorship of the proletariat in the entire Marxist scheme of human liberation. He almost contemptuously dismisses the concept when he says: "In India it has been fashionable to quote Lenin's well-known formulation that a Marxist is one who accepts not only the concept of class struggle but also of the dictatorship of proletariat." Isn't Joshi aware of the fact that Lenin was only paraphrasing Marx himself who had said:

> . . . No credit is due to me for discovering the existence of classes in modern society nor yet the struggle between them. Long before me bourgeois historians had described the historical development of this class struggle . . . What I did that was new was to prove: (1) that the *existence of classes* is only bound up with *particular, historic phases in the development of production*; (2) that the class struggle necessarily leads to the *dictatorship of the proletariat;* (3) that this dictatorship itself only constitutes the transition to the *abolition of all classes* and to a *classless society.*[7]

A close study of the Marxist classics should reveal that the "concept of hegemony" as elaborated by Gramsci is nothing but a restatement of the basic ideas implicit in the concept of the dictatorship of the proletariat.[8]

What Joshi really means when he repeatedly urges the creation of Marxist intelligentsia is not very clear. Intelligentsia is a social stratum which evolves in the course of social development; it cannot be created at will. What Marxism visualizes and actually achieves is that a section of the historically evolved (bourgeois) intelligentsia adopts the proletarian ideology of modern scientific socialism, declasses itself and joins the working class in an organic bond of unity, to forge, in the words of Gramsci, 'an elite of intellectuals'. The elite of intellectuals of Gramsci's conception, differences in terminology notwithstanding, is nothing but the vanguard of the proletariat, its revolutionary party. How this process of creation of the elite really advances was elaborated by Lenin with the help of a quotation from Karl Kautsky, which ran:

> Modern socialist consciousness arises only on the basis of profound scientific knowledge . . . The vehicle of science is not the proletariat, but the *bourgeois intelligentsia* (Karl Kautsky's italics); it was in the minds of individual members of this stratum that modern socialism originated and it was they who communicated it to the *more intellectually developed proletarians who, in their turn, introduce it into the proletarian class* struggle when conditions allow that to be done. . .[9]

Whereas Joshi speaks of the "development of intellectuals" as "the cultural forces of social revolution", the Marxists, including of course Gramsci, view the task of the formation of an *elite of intellectuals* as nothing else than that of building the party. For instance, Gramsci says:

> The political party for some social groups is nothing other than their specific way of elaborating their own category of organic intellectuals directly in the political and philosophical fields . . .
>
> . . . An intellectual who joins the political party of a particular social group is merged with the organic intellectuals of the group itself, and is linked tightly with the group . . .
>
> That all members of a political party should be regarded as intellectuals is an affirmation that can easily lend itself to mockery and caricature. But if one thinks about it, nothing could be more exact . . .[10]

## *Some Demands and a Diagnosis*

The development of "a critical intelligentsia" as "the maker and user of intellectual tools of a social revolution" that Joshi demands is not a part of the Marxist perspective. The existing intelligentsia is a bourgeois intelligentsia, hence incapable of developing a consistent criticism of the social order or of making and using intellectual tools of a social revolution. To the extent that elements of this stratum adopt the revolutionary position of the proletariat and make or use such tools, they cease to be a part of the intelligentsia, properly speaking, and become an organic part of the proletariat.

Then Joshi demands the formation of "an independent theoretical base of *Indian* Marxism" "a body of Marxist thought and theory suited to Indian conditions", "an Indian Marxist perspective of Indian problems" as opposed to 'implanted Marxism'. A certain amount of equivocation notwithstanding, Joshi's emphasis is unmistakable. Marxists, however, regard Marxism as international. Neither is there, nor can there be an

Indian or a Russian or a Chinese or for that matter an Eskimo, Marxism. While the fundamental theory is the same the world over, its application, of course, varies from country to country.

> We do not regard Marx's theory as something completed or inviolable, on the contrary, we are convinced that it has only laid the foundation stone of the science which socialists must develop in all directions if they wish to keep pace with life. We think that an *independent* elaboration of (implanted-AR)Marx's theory is especially essential for Russian socialists,for they provide only general *guiding* principles which *in particular* are applied in England differently than in France, in France differently than in Germany and in Germany differently than in Russia.[11]

The variations in application are an essential part of the Marxist world view itself. For, according to the Marxist dialectics, "Every universal only approximately embraces all the individual objects. Every individual enters incompletely the universal. . ."[12]

From a wrong theoretical base, Joshi arrives at wrong analytical and operational conclusions. He holds that

i) India is at present in a stage of national development and transition to socialism (via *garibi hatao* perhaps);

ii) in the present stage, a bloc of broadest masses and productive classes should confront the ruling bloc of "financial aristocracy", the lumpen middle class and the lumpen proletariat; and,

iii) in the process Gandhism and Marxism would, if not exactly form a synthesis, at least come very close together.

Thus P C Joshi has created a complete system of view, starting with theoretical postulates and ending with operational directives, which one finds to be totally divergent from Marxism.

No Marxist can agree with Joshi's analysis and directives.

## *Clearing the Way*

India is passing, not through a stage of 'national development' and 'transition to socialism', but an acute crisis resulting from a specific form of distorted capitalist evolution.

The real struggle is not against some hypothetical financial aristocracy, lumpen middle class and lumpen proletariat, but against an alliance of monopoly capitalists and large landholders, who are not exactly 'unproductive' in Joshi's sense.

And finally, while certain surface features of Gandhism may be worthy of assimilation by the revolutionary movement, the antagonism between the proletarian ideology of Marxism and the backward bourgeois ideology of Gandhism is fundamental.

Before concluding, one should add that Joshi's paper highlights certain fundamental tasks of the Marxist movement in general and the Indian Marxists in particular, such as:

i) realization of the dialectical inter-relation between correct theoretical orientation and effective practice;

ii) the imperative duty of the proletariat to emerge as the general representative of society so that it can attract other classes and strata as its allies in the struggle for power; and

iii) the over-riding importance of enlightening and activizing the peasantry as a political force.

Unfortunately, the ideological-theoretical frame, elaborated by Joshi, will not help the achievement of the tasks postulated by him.

Joshi has correctly enumerated the possible varieties of pseudo-socialism like feudal socialism, middle class socialism and so forth. What he has, one hopes unwittingly, produced is a blueprint for another brand of pseudo-socialism, which may be characterized as academic-intellectual socialism, free from the rough-and-tumble of the real life class struggle, cosily engaged in working out and preaching norms of social behaviour, and based on academic researches.

AJIT ROY

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[1] V I Lenin, *Collected Works*, Vol 21, p 50 (emphasis added).

[2] Marx and Engels. *Selected Works*, Vol I, Moscow 1950, p 44.

[3] V I Lenin, *op.cit.*, Vol 4, pp 210-11 (italics in the original).

[4] A Gramsci, *The Modern Prince and Other Writings*, International Publishers, New York 1970, p 133.

[5] A Gramsci, *Selections from the Prison Notebooks*, International Publishers, New York 1970, p 133.

[6] *Selected Works of Mao Tse-tung*, Vol 1, Lawrence and Wisharat, London, 1954, p 33.

[7] Marx and Engels, *Correspondence*, National Book Agency, Calcutta 1945, p 51.

[8] For instance, see Gramsci, *Prison Notebooks*, *op. cit.*, p 165 and 365.

[9] V I Lenin, *op. cit.*, Vol 5, pp 383-84 (emphasis added).

[10] A Gramsci, *Prison Notebooks*, *op. cit.*, pp 15-16.

[11] V I Lenin, *op. cit.*, Vol 4, pp 211-12.

[12] V I Lenin *op. cit.*, Vol 38, p 361.

# *NOTES*

## *Sikkim Story: Protection to Absorption*

THE modalities of Sikkim's absorption certainly lacked the finesse and diplomatic sheen that the External Affairs Ministry under Sardar Swaran Singh is credited with by the Sardar's admirers. It was a sneaky and cynical act of consummation of a process that had been going on ever since independence, a process marked by twists and turns and periods of lying low and edging forward.

Consider the essential scenario:

Sikkim, a 'protectorate' inherited from the British, is brought closer to India by the unequal treaty of 1950. Its constitutional and political status is left indeterminate; its sovereignty open to interpretation. After 1954, the official maps published by the Government of India depart from British practice and begin to show not merely Sikkim, but even Bhutan, within India's borders. Notwithstanding this, the then Minister for External Affairs, M C Chagla, tells the Lok Sabha in 1967 that Sikkim is not part of India.[1] All the same, the maps continue to show the two Himalayan states within India—despite protests from these states. Meanwhile, India sends in its army and the Central Reserve Police; builds strategic highways; and promotes the penetration of Indian merchant and usurer's capital into the tiny Sikkimese economy.

Following the suppression of the popular movement in April 1973 and the tripartite agreement among the Government of India, the Chogyal and Kazi Lhendup Dorji, a new political and constitutional arrangement is worked out under the label of 'democratization'. As an outcome of a rigged election held in early 1974—an election supervised by four battalions of the Indian Central Reserve Police and marked by blatant irregularities perpetuated by the candidates of the Sikkim National Congress—Kazi Lhendup Dorji, the feudal overlord of the Chakhung region, is manoeuvred into power. The election manifesto of the Sikkim Congress does not dare mention the issue of 'association' with India. Nor is the issue raised in any other form in the election campaign.

Through the tripartite agreement and the Government of Sikkim Act, 1974, a dictatorial constitution is imposed on the 'protectorate' by the Government of India. On May 11,1974, the Assembly passes a resolution on new forms of association with India —a resolution sprung on the Assembly in cloak-and-dagger fashion. The resolution, drafted by an Indian 'legal expert' and in hardly comprehensible legal terminology is read out once, in a raging hurry, in English—which is, incidentally, not understood by 80 per cent of the Assemblymen. It is passed by a show of hands.[2]

## *Wrangle over 35th Amendment*

Six of the 32 Assemblymen refuse to sign the resolution, and two Sikkim Congress members even resort to a hunger strike outside the Assembly gates to register their Gandhian protest.[3] Popular opinion in Sikkim is outraged. Former loyal supporters of the Sikkim Congress turn against their party, unable to take in so suddenly the enormity of the act of their leaders. Newspaper reports filtering through the heavy censorship show that prominent persons opposing the new association are harassed, roughed up, and kept virtually under house arrest; and that demonstrations against absorption are being broken up by the CRP and by goons engaged by the Government of India. The Government of India, of course, characterizes the demonstrations opposing absorption as 'pro-35th Amendment'

The 35th Constitution Amendment Bill is passed with a road-roller majority in the Indian Parliament, with the MPs of the Communist Party of India (Marxist) alone voting against it. Sikkim is thus converted into an 'associate' of the Union of India and from now on, the Government of India is "responsible for securing the economic and social development of Sikkim and for ensuring good administration and for the maintenance of communal harmony therein!"

Sikkim's western neighbour, Nepal, protests strongly through its National Assembly; angry students and youth voice their rage on the streets and at the Indian Embassy in Katmandu. Ignoring the fact that nearly 75 per cent of Sikkim's population is Nepali in origin, the Government of India maintains, at first, that the developments in Sikkim are none of Nepal's business; then, in a delayed gesture of conciliation, that Nepal's fears have been allayed. Bhutan, Sikkim's eastern neighbour and newly admitted member of the United Nations, lets its displeasure be known, and makes it clear that the many Indian 'advisers' including the senior police official planted in the Bhutan administration by the Government of India need not come back once their terms are over, and are to be replaced by Bhutanese as soon as possible.[4] Reports extremely adverse to the Government of India's action appear in newspapers in the neighbouring Bangla Desh, Pakistan and Ceylon, and in most of the world's press.

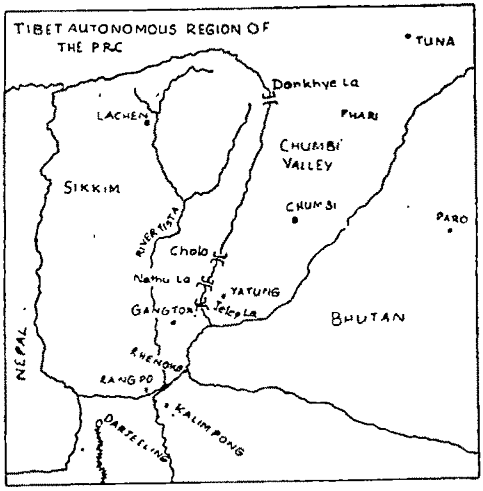
Can any objective and honest-minded person disagree with China's *People's Daily's* characterization of this wretched and sordid affair as "a monologue produced and performed by the Indian government"?[5]

## *Land and People*

Sikkim is a tiny Himalayan country covering 2818 square miles and situated to the north-east of India. Topographically, Sikkim is shaped like a roughly hewn amphitheatre: the bowl of the amphitheatre is formed by the Teesta Valley in the south, and the steps of the amphitheatre rise northwards towards the snowy ranges of the Himalayas and the Tibet Autonomous Region of the People's Republic of China. Sikkim is bounded on the west by Nepal, on the east by Bhutan, and on the south by the Darjeeling district of West Bengal. A narrow triangular projection of the Tibet Autonomous Region, known as the Chumbi Valley, extends between Sikkim and Bhutan, and has traditionally been Tibet's only means of communication with the southern region.

While the area of Sikkim is tiny, its geographical-political position gives it considerable strategic importance. For Sikkim is a nest on the front line of India's border dispute with China. It is *the gateway to Tibet,* particularly to Lhasa and the other major towns, such as Gyantse and Yatung, of southern Tibet. The formidable wall formed by the northern Himalayan range is breached in three places in north-east Sikkim—at the Jelep La, the Nathu La, and the Cho La passes. Sikkim opens out in the south into what is known as the Siliguri corridor. This is the narrow neck of land that connects India with the north-eastern states, where even today many hill peoples are facing the brutality of the Indian Army and the CRP.

Sikkim and Chumbi Valley



The entire population of Sikkim can be accommodated, with some difficulty, in a large modern international football stadium. Sikkim has a population of about 2 lakhs, compared with Bhutan's 11 lakhs and Nepal's 130 lakhs. The population of Sikkim is composed of three distinct nationalities. The first is the Lepchas who comprise 12 per cent of the population.

Their language is Sikkimese, a dialect of Tibetan. The second is the Tibetan-speaking Bhutia nationality who are of Tibetan origin and make up 13 per cent of the population. The Nepalis are by far the numerically preponderant nationality in Sikkim, comprising nearly 75 per cent of the population.

### *Economy*

The economy of Sikkim is based on feudal[5] landlordism with a high concentration of ownership and a wide prevalence of rack-renting. This landlordism is dominated by the debauched petty tyrant, the Chogyal, and the Kazis, the hereditary feudal overlords. As in Tibet before the liberation, landlordism has imposed several extremely perverse forms of exploitation. The poor and middle peasantry of Sikkim groans under the weight of debt, usury, rack-renting and oppressive forms of land tenure, and all the material and moral deadweight of this archaic formation. Their daughters and wives are not infrequently molested and raped by the feudal overlords and their henchmen.

Rice is the staple cereal in the valley regions of Sikkim. In the higher regions, coarse foodgrains such as millet, buckwheat and rye take the place of rice as the major foodcrop. In these regions, sheep, goats, cattle, yaks and mules help to support an undernourished population.

Basically, it is a system of subsistence agriculture imprisoned in a feudal cage. The tiny villages, with 15 to 20 houses, are cut off from one another and, since there is no modern transport or communication in most parts of Sikkim, are a few days' weary trudge to the capital. This isolation is particularly marked in the northern regions and in areas where the strategic needs of the Indian government have not yet made themselves felt.

This Himalayan stagnation has been penetrated, at first sporadically, and later more significantly, by commodity-money relations. The cultivation of cash crops such as cardamom, corn, apples, pineapples and potatoes has begun to make an impact on the economy. Cardamom is the most important cash crop, and sizable tracts of cardamom fields are already in the hands of the Kazis. The commodity is generally sold through commission agents to big Indian wholesalers, in Gangtok and the bazaar centres, who conduct a parasitical trade with the plains.

### *Indian Businessmen and Protectors*

Symbolizing this lop-sided development, the huge gap between town and country, is the capital city, Gangtok, with its posh stone houses, its hotels, modern shops and liquor stores, predominantly owned by Indian merchants and moneylenders.[6] Swollen by the trappings of Indian bureaucracy and the Indian Army, Gangtok presents an especially vivid picture of the presence of the 'protectors'.

Sikkim has no industry worth mentioning, beyond small food-processing units and a distillery in the plains. There are also a few mines that work at scraping Sikkim's small zinc, lead and copper deposits. The promising power resources of this tiny country have not been developed, either by the British or by the successor Government of India. The transport system depends on a network of roads and highways that is chiefly geared to the requirements of the Indian Army. A few Indian-built bridges have replaced the swaying cradles of bamboo and cane which had served as bridges for centuries; cars and trucks have entered the filed: and a small system of aerial cableways has been constructed. The strategic highways such as the Nathu La-Gangtok Highway, built by the Government of India under Treaty of 1950; the North Sikkim Highway, built in 1962, linking Gangtok to the northern border areas, the nest of Tibetan 're-fugees'; and a highway from Rangpo on the Indo-Sikkim border to Gangtok through Pakyang are the outcome of the Government of India's 'forward policy' in the area in relation to China, not of any serious developmental activity. Every heavy monsoon severely breaches Sikkim's modern communications system. The misery of the people on such occasions leaves a deep impression on every visitor.

Although official statistics put the annual per capita income of Sikkim around Rs 700—and this is significantly higher than that of Bhutan or Nepal—this cannot conceal in any way the abysmal poverty, the disease and the backwardness that is the lot of the common people under the 'protection' of the Government of India. No visitor has failed to note the atrocious lack of elementary medical, sanitary and civic facilities. Diseases such as goitre, beri-beri and intestinal worms, which manifest themselves in acute anaemia, are rampant.

## *Sikkim in Modern Times*

In its modern historical development, territory, economy, culture, psychological make-up and language, Sikkim has an identity that is sharply different from India. As we shall see the 'protectorate' status, was imposed on Sikkim by British imperialism—an imposition that was continued by the Government of India after 1947.

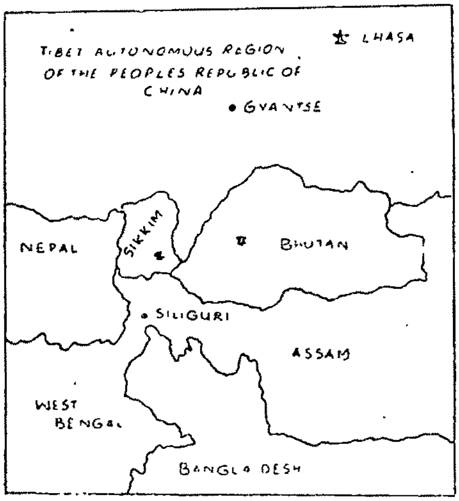
Both Bhutan and Sikkim were created out of the extension of the military-feudal power of the principal chiefs or governors of the adjoining areas. Sikkim was settled in the thirteenth century by the Lepchas, migrants from the Assam Hills which were then part of Tibet. It became a political entity in 1641, when, it is reported, the Lama of Lhasa, with the aid of two others, converted the people of Sikkim to the Buddhist faith and appointed 'Penchoo' Namgyal as the first king or Gyalpo.[7] The new kingdom established political relations with the Tibetan government which had all along regarded Sikkim as its vassal territory.

In the first three decades of the eighteenth century, Sikkim was subjected to invasions by warring Bhutanese, who plundered the settlements and carried off a few hundred inhabitants as slaves to Bhutan. In the last two decades of the eighteenth century, the territorial integrity of

Sikkim was once again threatened by foreign invasion—this time not merely by the Bhutanese warlords on the eastern frontier, but also by the Gurkhas on the western frontiers.

At that time, Sikkim was much larger in area than it is today. It included the present eastern section (Ilam district) of Nepal; and parts of the Chumbi Valley of present-day Tibet and of the Ha Valley of present-day Bhutan. Its southern frontier reached the Indian plains and included the Kalimpong and Darjeeling areas of India. Caught in a vice between two warring feudal states, Sikkim lost much of its territory to invaders in 1788 and 1789.

SIKKIM'S PRESENT BORDERS



## *British Colonialism Gains Foothold*

It was in the last decade of the eighteenth century that the British colonialists came into contact with Sikkim. They found that Nepal, Sikkim and Bhutan were all in varying degrees of dependence upon, or allegiance to, China; and that Lhasa looked upon Sikkim as a Tibetan vassal state. Gradually, British colonial policy in the region took shape:

> inevitably, the British saw such Tibetan—and hence indirectly Chinese—hegemony over these cis-Himalayan states as a challenge, potentially a menace, to their own position. The achievement of British policy through the nineteenth century was a *reversal of the allegiance of the Himalayan states,* in reality so far as Nepal was concerned, and in form as well in the cases of Bhutan and Sikkim.[8]

Warren Hastings' interest in the Tibetan Himalayas looked expansively to piercing the mountain range and paving the way to trade between Bengal on the one hand and Tibet and the provinces of Central Asia on the other. The early explorations under Hasting particularly the missions of Bogle and Turner, established conclusively the value of the road to Lhasa that lay through Sikkim.

"The British colonialists first acted following the expansion of the Gurkhas, for this development acted as a pretext for launching a policy that brought Sikkim effectively under British power."[9] The 'Gurkha War' of 1814-16 and the decisive defeat of the Gurkhas by a strong British force brought British India and China's Tibet into much closer physical contact. The peace treaty of Titalia in 1817 established the Nepal-Sikkim boundary to the satisfaction of British colonialism. Sikkim was now very close to becoming a British protectorate. In return for a British 'guarantee' against Gurkha raids, the Sikkimese authorities placed their foreign relations under a 'measure' of British control and promised British Indian merchants preferential treatment. The Treaty of Titalia was an ominous sign of things to come.

In 1835, the ruler of Sikkim was bullied into 'presenting' the hills of Darjeeling (then spelt Dorji-ling) to the East India Company, 'out of friendship' for the Governor-General, William Bentinck. All land south of the Rangit River was thus ceded to the British Government of India. The Government of India, in return, granted the ruler of Sikkim an allowance of Rs 3000 per year which was later raised to Rs 6000. Tibet, which had so far considered Sikkim its vassal state, held the cession of Dorji-ling an illegal act by the Sikkim king.

## *Into Tibet through Sikkim*

From 1841-42, with the shaping of a strongly expansionist policy towards Tibet—which aimed at forcing the demarcation of the Indo-Tibetan frontier along the lines of the Himalayan watershed—the British kept a brigand's watch on the Himalayan states.

In 1849, the alleged maltreatment of a pair of British officials travelling in Sikkim provided the pretext for the advance of British troops on Tumlung, then the capital of Sikkim; and for the assumption of effective control over much of the kingdom by the British Government of India.

By the early 1860s, with a tea industry dominated by British capital flourishing in Darjeeling, and with a growing interest in opening up Tibet for trade, the process of reversal of Sikkim's allegiance was completed. In 1861, the first official treaty between Sikkim and British India was signed. By this treaty, Sikkim, described officially as a 'protectorate' of British India, had to pay regular tribute to the Government of India. More important, it was formally opened up as a transit route to southern Tibet.

In 1888, alleged Tibetan incursions into Sikkim served as another pretext to the British for a 'punitive expedition' against Tibet. Following the success of the mission, the British Government of India appointed a Resident Political Officer to administer the affairs in collaboration with local officials. Thus, British imperialism gained complete control over Sikkim.

The status of Sikkim as a 'protectorate' was confirmed by the Anglo-Chinese Convention of 1890. This made Britain responsible for the conduct of Sikkim's internal and external affairs and disallowed Sikkim from having any official contact with other powers. The mountain passes became regular channels of imperialist trade with China's Tibet. They were also converted into military outposts for British India's official borders with China.

British imperialism, in the first decade of the twentieth century, tried to exercise its exclusive influence over Tibet. Curzon raised the bogey of a threat from Tsarist Russia to justify and cover up this 'forward policy', aimed at establishing a "chain of protectorates". The notorious Younghusband Expedition of 1903-04—which saw a strong British force proceed unopposed through the Jelep La, through the Chumbi Valley and into the Tibetan frontier post of Phari, and thereafter wade through blood to Tuna, then to Gyantse and finally to Lhassa to impose a brigand's terms on the Tibetans—demonstrated the strategic importance of Sikkim as a nest of operations against Tibet.

## *Indian Nationalist View, 1921*

It was natural for British imperialism, anxious that the people of India should not be brought into any unsettling contact with either Russians or Chinese across the border, to follow such a policy; it was equally natural for nationalist-minded Indians to see in Britain's attempts to consolidate India's borders nothing but measures to confirm their own subjection.[10] A little known fact in this connection is that in 1921, the All India Congress Committee resolved that the Government of India's policy

> in no way represents Indian opinion and that their policy has been traditionally guided by considerations more of holding India in subjection than of protecting her borders; that India as a self-governing country can have nothing to fear from the neighbouring states or any state as her people have no designs on them...and that the people of India regard most treaties entered into with the Imperial Government by neighbouring States as mainly designed by the latter to perpetuate the exploitation of India by the Imperial Power, and would therefore urge the States having no ill will against the people of India, and having no desire to injure her interests, to refrain from entering into any treaty with the Imperial Power.[11]

Most emphatically, this exhortation was to the people of Sikkim as much as to the people of Bhutan, Nepal and other neighbours of India. But gradually, the attitude of the Congress Party and the big bourgeoisie in India towards the frontier with China changed. As the transfer of power drew near, the Congress leaders made it clear that independent India would continue the British policy so far as the northern borders were concerned.

## *Showing True Colours in Lhasa*

In July 1947, following the fears expressed by the reactionary authorities in Lhasa, the British government and the Government of India issued formal statements that on transfer of power, British obligations and rights under existing treaties with Tibet would devolve on the successor Government of India; and that it was hoped the Tibetan government would continue with the successor Government of India the same relations it had with the British Government of India.[12] The government of independent India showed its readiness to take over from Britain the 'right' to station an Indian Political Agent at Lhasa, to maintain trade agencies at Gyantse, Gartok and Yatung, as well as post and telegraph offices along the trade route up to Gyantse, and for protection of this commercial highway, the 'right' to station a small military escort at Gyantse. True, these 'rights' were based on 'established practice' and treaties. But the Government of India's action in laying claim to them went directly against the letter and spirit of the 1921 resolution, which specifically called upon subject peoples to repudiate unequal treaties.

On August 15, 1947, the British Mission in Lhasa was formally converted into the Indian Mission in Lhasa. The last British representative in Lhasa, H E Richardson, was retained as India's representative. In his book, *Tibet and Its History,* this notorious schemer against China's suzerainty over Tibet noted the transformation thus: "The change was almost imperceptible. The existing staff was retained in its entirety and the only obvious change was the change of flag."[13]

In mid-1949, the Tibetan reactionaries expelled the Chinese Misson from Lhasa, stating that they feared that the Chinese were becoming Communist. The Government of India responded favourably to the Tibetan authorities' appeal for arms and ammunition. High-ranking military officers of the Indian Army were sent to Tibet for negotiations, and towards the end of 1949, the Government of India sent its Political Officer in Sikkim on a not-so-secret mission to Lhasa.[14]

## *Buffer against Chinese Revolution*

Some months before the complete victory of the Chinese Revolution, its leaders were strongly denouncing the Government of India's interference in Tibet. An article in *World Culture*[15] pointed out that in a situation where U S imperialism, in the wake of its operations for the seizure of markets in the Far East, began actively to participate in the aggression against Tibet and to send spies and saboteurs into that region, it was deplorable that British imperialism and the Government of India declared in unison that Tibet never acknowledged China's suzerainty.

Later on, in 1959, the Government of the People's Republic of China was to charge openly that Indian reactionaries were hand in glove with the Tibetan counter-revolutionaries; that they encouraged the rebellious activities against China's suzerainty over Tibet; and that, in fact, "the command centre of the rebellion was in Kalimpong.[16]

More recently, Nepal's Home Minister has charged some "powerful and rich countries which have their interest in the region" of having, in the past, assisted Khampa 'rebel' tribesmen (who had taken shelter in Mustang District in Nepal) to create a problem in the kingdom's northern region.[17] The Government of India is, by implication, held guilty. Nepali press reports have let it out that the 'Khampa problem'—which means, primarily, guerrilla war waged against the Chinese power in Tibet—originated not with the flight of the Dalai Lama in 1959, but in 1952-53. They have revealed that using New Delhi as a base, an MP from Andhra Pradesh, Dr Lankasundaram organized with American assistance a group comprising Palden Thondup Namgyal (now Chogyal of Sikkim), Kazi Lhendup Dorji (now Chief Minister of Sikkim), one Kamal Sharma of Patna and others including Tsering, a Tibetan trader, to conduct counter-revolutionary activities against China's Tibet. The activities of this group, which in the initial stages was confined to collecting and taking photographs of Chinese military installations, airstrips, petrol and ammunition dumps, artillery posts, barracks and major bridges, were later expanded to include the provision of money and photographic material to the Tibetan rebels, and the smuggling of arms and ammunition into Tibet.

## *India and Sikkim: Nehru's Policy*

Such, then, is the sordid responsibility on the northern frontiers that the government of independent India inherited from the British and tried to uphold as best as it could. There can be no reasonable doubt that Nehru's government sought, until the final crushing of the serf-owners' rebellion in 1959, to maintain an independent or autonomous Tibet as a 'buffer' against the Chinese Revolution, a lesson deeply learnt from British imperialism.[18]

Such a policy was doomed to fail ignominously, for as Neville Maxwell observes, with the end of British rule on the subcontinent and with the emergence of the People's Republic of China with a strong centralized authority, "the advantage would lie north of the Himalayas, not south. This change was domonstrated and confirmed by China's reassertion of her authority in Tibet.[19]

The government of independent India has long tried to negotiate the Sikkim-Tibet border with People's China, making the 1890 Convention as the basis. China has consistently refused to negotiate these boundaries with the Government of India, for it considers Sikkim an independent country illegally annexed by India. Nevertheless, the Government of India has steadily tightened its grip over little Sikkim, a process which has culminated in its present absorption as an 'associate'.

The year 1947 saw great unrest among the people of Sikkim. Crushed by feudal oppression, the suffering people of all the three nationalities began to see their enemy in the hated regime of the Chogyal. The movement that grew out of this discontent demanded the abolition of landlordism and the formation of an Assembly as a precursor to representative government.

Nehru, then a member of the interim Indian cabinet, met the Maharajkumar (the present Chogyal) and other representatives of the Sikkim Durbar in January 1947. The policy that the Government of India was to follow in the area began to take shape: retain Sikkim as a 'protectorate' and suppress ruthlessly the democratic rights of the Sikkim people. Prop up the Chogyal, the Kazis, and all the reactionary socio-economic and political forces represented by them for as long a time as possible. At the same time, cow down the leaders of the popular movement outside the palace walls. Keep the militancy of these movements in check by installing in their midst leaders who would shout "Closer Ties with the Government of India" and declare that such a demand reflects the will of the people of Sikkim.

Despite the opportunism of some of the leaders of the popular movement in the immediate post-1947 period, the militancy of the masses spelt evil for the Government of India. On May 1,1949, a crowd of over 5000 people stormed the palace at Gangtok. The Indian Army descended on the crowd, cruelly beating and injuring them, and broke through to rescue a terrified Chogyal.

### *Unequal Treaty, 1950*

The 'police action' of 1949 paved the way for the Sikkim Treaty of 1950.[20] While the treaty began by declaring all the earlier agreements of India and Sikkim null and void, it stated in its second article that "Sikkim will retain the position of Protectorate." The unequal treaty made India entirely responsible for the conduct of Sikkim's military affairs. Except for a small decorative bodyguard for the Chogyal, Sikkim was not allowed to keep any forces or buy any weaponry. The Government of India was specifically given the right to station troops anywhere in Sikkim. (By virtue of this provision, India has an active division, the 17th Mountain Division, apart from troops of the 4th Corps with its Headquarters in Siliguri, and troops of the Eastern Command with its Headquarters in Calcutta, stationed in Sikkim. There is another mountain division in Kalimpong, also used for manoeuvres in Sikkim.) Sweeping powers were given to the Indian Police to pursue any person unhindered into any part of Sikkim; and to the Government of India to try any person in its service or any foreigner regardless of the procedure established by law in Sikkim. The treaty disallowed Sikkim from maintaining any official contact, formal of informal with any foreign power. India was made solely responsible for the communication system of Sikkim. The treaty banned the imposition by Sikkim of any levy on goods from India. As if these were not enough, the internal administration was to be managed by an IAS Officer nominated jointly by the Government of India and the Chogyal.

The treaty, which robbed the people of Sikkim of their right to manage their own affairs, was crowned by the provision that in the event of any dispute arising in its interpretation, "the dispute shall be referred to the Chief Justice of India whose decision thereon shall be final."

## *Popular Movement, 1973*

Between 1957 and 1973, five elections were staged in Sikkim, in which the people of Nepali origin were effectively denied their right to participate. In any case, the resultant Assemblies had only a decorative role to play. The movement of last year was an expression of the extreme dissatisfaction of the people with the cruelties of the socio-economic system perpetuated by the Chogyal, the Kazis and the Government of India, and with the lack of any democratic forum in which to express their political aspirations.

In April 1973, people all over Sikkim converged on Gangtok where they determined to depose the Chogyal. The arrogance of the Chogyal's trigger-happy son, who went to the Gangtok market in a jeep and shot at random at the rebel crowds, increased their fury. At this time, the Indian Army and the CRP were mobilized in a big way to see that the rebellion did not get out of hand. Where a mere show of arms did not cow down the people, Indian troops teargassed and brutally beat up the heavily outnumbered and unprepared crowds.

The leadership of the movement at this stage passed into the hands of Kazi Lhendup Dorji. Immediately after the rebellion was suppressed, and following the tripartite agreement, it was announced that Sikkim would hold fresh elections in early 1974. The new 32-member Assembly was to have 15 members from the Lepcha-Bhutia nationalities; 15 from the Nepali nationality; one from the Budhist Sangha and one from the Scheduled Castes. Once these reservations were made, elections were to be held on a one-man-one-vote basis. Secondly, the Government of India was to appoint a 'legal expert' to draft a new constitution for Sikkim.

In the elections, the Sikkim, Congress was declared elected with an overwhelming majority, and Kazi Lhendup Dorji became the leader of Assembly and the Chief Minister of Sikkim. How this mandate was won was exposed in the Indian parliament :

> One Member of the Sikkim Assembly, under the age of eligibility, was elected in the name of his dead brother. A girl, aged 21, a student of Kalimpong College, was also elected despite being under age. Apart from these irregularities, there was open rigging of the elections, with four battalions of the Central Reserve Police bullying the people of Sikkim in the villages. The protest raised by the group of United Independents (who later formed the Sikkim Prajatantra Party) with the Election Commissioner was imperiously overruled.[21]

How does the Government of India justify this blatant and ugly violation of the right of the Sikkim people to manage their own affairs? Let us examine its main arguments.

## *'Autonomy Preserved'*

According to the Government of India's spokesmen, Sikkim still retains its 'autonomy' or 'personality'[22] for all that has been done is to bring it 'closer to the Union' by giving it 'associate' instead of 'protectorate' status. The dictatorial powers given to the Chief Executive Officer and the manner in which the affairs of the Assembly have been conducted give the lie to this claim.

If the treaty of 1950 was 'a grossly unequal one', by the Government of Sikkim Act, 1974 and the 35th Constitution Amendment Bill, the Government of India has bound Sikkim hand and foot. By the provisions of the Government of Sikkim Act, 1974,[23] the head of the administration in Sikkim is the Chief Executive nominated by the Government of India and appointed by the Chogyal [Section 28 (1)]. The Chief Executive has been vested with all powers to ensure "compliance with any decisions taken or orders or directions issued by the Government of India in the due discharge of its responsibilities" [Section 28 (3)]. In the event of a difference of opinion with the Chogyal "in respect of any matter...the decision of the Government of India shall be final" [Section 29 (2)]. The Chief Executive is the President of the Assembly and performs all the functions of the Speaker [Section 13 (1)]. The Chief Minister and the other Ministers are appointed by the Chogyal "on the advice of the Chief Executive" [Article 25 (1)]. The Chief Executive has the power to veto legislation covering finance, home, minorities and relations between the Chogyal and the Sikkim government. The subjects on which the Assembly may "discuss, make recommendations or make laws" are carefully specified so as to exclude the effective management of even Sikkim's internal affairs.

## *'Will of the People'*

The Government of India claims that the absorption of Sikkim 'reflects the true aspirations of the Sikkim people' as expressed through the Assembly. Certainly, this is a cruel joke played on the people of Sikkim. Like every regime that carries on its anti-democratic designs on another people, the Government of India does so in the name of 'protecting and extending democracy'.

The Congress government's claims of protecting democracy in Sikkim are open to question :

> It does not lie in the mouth of the Government of India to talk of responding to the democratic urges of another people. It was this government which had used MISA against its political opponents, arrested large numbers of striking railwaymen, and even physically liquidated hundreds of political opponents in recent years.[24]

*The main aspiration of the people of Sikkim is the abolition of landlordism and the hated institution of the Chogyal and the Kazis.* In the name of meeting the aspirations of the people, the Government of India has given the feudal institutions of the Chogyal and the Kazis a fresh lease of life and has swallowed up Sikkim's national identity.

## *Refusing to Learn from History*

The 'forward policy' of Nehru stands discredited in the eyes of the people of India and in the eyes of people all over the world. That policy, pursued with historic incompetence and muddleheadedness in the period 1960-62, ended in a war with People's China and an unprecedented military and political debacle in the later half of 1962.[26] The Indian ruling classes have not learnt from the judgment that history has passed on the northern frontier policy and on their stance in the border dispute with China. It is as though the 'forward policy' after years of lying in wait and building up forces has been sneaked up again, against China's frontiers, this time between the Aksai Chin region and the McMahon Line. Once again, the calculation seems to be that China (not to mention the two other Himalayan states) will not be in a position to do anything about it.

The ruling Congress and the Jana Sangh have expressed themselves on this question with vicious chauvinism and arrogance. The Right Communist Party, the DMK, the ADMK, the Congress (0) and various other parties have taken an opportunist stand on this vital question. The Right Communist Party, playing its familiar role of courtier to the lady, even heralds the absorption of Sikkim as "a step towards democratization and anti-imperialism."[26] Among the major political parties, the Communist Party of India (Marxist) alone has spoken out against this latest act of folly by the Congress government.

It will not be long before the people of Sikkim, dispelling the climate of fear and illusion that the Government of India, the Chogyal, and Kazi Lhendup Dorji are trying to sustain, will begin their serious resistance. In absorbing this little Himalayan country, the Congress government of Mrs Indira Gandhi has sown an evil wind in the northern frontier region. It must now wait to reap its international and internal consequences.

N Ram

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[1] Cited in Neville Maxwell, *India's China War*, enlarged edition, Jaico Publishing House, Bombay 1971 (with a new postscript), p 83.

[2] Letter from KN Uprety, Representative for Gangtok, Sikkim Youth Congress, published in *The Statesman*, Calcutta, September 5, 1974.

[3] *Ibid.*

[4] See report, "Bhutan Against Appointment of New Indian Advisers", *The Hindu*, September 5, 1974; also report, "Bhutan Asserts Its Independence", *Everyman's* (weekly), September 21, 1974.

[5] *People's Daily*, quoted in report, "China Criticises Sikkim Bill," *The Hindu*, September 4, 1974.

[6] Indian, chiefly Marwari, moneylenders and traders began to establish themselves in Sikkim from 1904. Their usurious rates ranged from 37½ per cent to over 100 per cent. Over the years, a growing section of the people of Sikkim have fallen into their clutches. For the arrival of this class of parasites in Sikkim, see Charles Bell, *Tibet Past and Present*, Oxford University Press, Oxford 1924, p 262.

For our information on this and on political developments in Sikkim till the advent of British colonialism, we have mainly relied on the account provided in *The Himalayan Kingdoms: Bhutan, Sikkim and Nepal* by Pradyumna P Karan and William M Jenkins Jr, D Van Nostrand Company, Princeton 1963. This book, viciously biased against People's China and absurdly flattering to the Government of India, is itself an indication of the US imperialist interest in Sikkim.

[8] Maxwell, *op. cit.*, p 37, emphasis added.

[9] For our information on this, and the general British colonial policy in the area, we have relied upon *Britain and Chinese Central Asia : The Road to Lhasa 1767 to 1905* by Alastair Lamb, Routledge and Kegan Paul. London 1960; and also on the books by Charles Bell and Maxwell cited above. Lamb's is a useful study, but can by no means be considered anti-imperialist, or sympathetic to the subject peoples of the area. Maxwell's penetrating and, indeed, startlingly original study suffers nevertheless from his inability or unwillingness to indict British imperialism in relation to its policy in the area.

[10] Maxwell, *op. cit.*, p 67.

[11] Quoted by Gunnar Myrdal, *Asian Drama : An Enquiry into the Poverty of Nations*, Vol I, Pantheon, New York 1968, p 181.

[12] See H E Richardson, *Tibet and Its History*, OUP, London 1962, p 173.

[13] *Ibid.*, p 173.

[14] *Ibid.*, p 178.

[15] Published in Shanghai, September 9, 1949, quoted by Girilal Jain, *Panchsheela and After : A Reappraisal of Sino-Indian Relations in the Context of the Tibetan Insurrection*, Asia Publishing House, Bombay 1960, p 7.

[16] *New China News Agency* (NCNA), March 28, 1959, quoted in Jain, *op. cit.*, p 87.

[17] Brahmanand Mishra, "Nepal : Who Armed the Khampas, ?", *Economic and Political Weekly*, September 7, 1974, pp 1531 and 1533.

[18] Charles Bell, Political Officer in Gangtok, drove home this lesson thus in 1924 : In Tibet also we had an ideal barrier against Bolshevist influence ... Chinese soldiers, stationed in Mongolia, had been found to be infected with Bolshevism. If China reoccupied Tibet, their troops... might well form a focus of Bolshevist intrigue against India." (Bell, *op. cit.*, p 191). Writing 35 years later, but from the other side, Anna Loiuse Strong makes the same point: "...when songs of jubilee spread across Tibet, nothing remained (for India) but to slam that door shut by a physical and emotional storm." (*China Reconstructs*, March 1960 quoted in Jain, *op. cit.*, p 224).

[19] Maxwell *op. cit.*, p 70.

[20] See the CPI (M) Central Committee statement "On Sikkim", and the report, "The Unequal Treaty—and Now the Absorption," in *People's Democracy*, Calcutta, September 15, 1974.

[21] Rajya Sabha Proceedings, New Delhi, September 7, 1974; Speech by Mathew Kurian of the CPI (M).

[22] See Swaran Singh's statement in the Rajya Sabha, *The Mail*, September 7, 1974.

[23] See the report in *People's Democracy*, *op. cit.*,

[24] Speech by Samar Mukherjee of the CPI (M) in the Lok Sabha, reported in the *Indian Express*, September 5, 1974.

[25] This story has been convincingly and most readably told by Maxwell in his book cited above, especially pp 173-288 and Postscript, pp 447-466.

[26] Speech by Bhogendra Jha of the CPI in the Lok Sabha, reported in the *Indian Express*, September 5, 1974.

# *Democratizing University Education*

IT is generally assumed that the essential function of education is the acquisition, expansion and transmission of knowledge. Unless this knowledge is instrumental in promoting and changing man's life and environment, education becomes devoid of any social relevance. A socially relevant education should be organized on democratic lines for the simple reason that maximization of its social utility is best achieved by harnessing the intellectual abilities of not only the few at the top, but of the largest number at all social levels.

Though a subject of debate in some form or the other among teachers and students, at the higher echelons of university administration like the University Grants Commission, Ministry of Education and the committees appointed by them, the basic fact remains that the atmosphere in our universities and colleges is far from being congenial for a healthy and fruitful discussion on this subject. The country boasts of its democracy: 'the largest democracy in the world' goes the cliche. But even minimum democracy is not extended to the teachers and students, at the university level, supposed to be the finest and most educated elements of society. If this is the experience in these select circles, the limits of democracy in the country become all too obvious.

To make matters worse, a sense of insecurity hangs like a stifling smog over the entire academic life. After 27 blissful years of independence the situation is that a teacher, regardless of his length of service and academic standing, is under constant threat of dismissal without even knowing the reasons. Between June and August 1974 alone, at least 600 teachers have been summarily discharged from colleges and universities in India. No court has been able to save a single teacher who 'got the sack'. Non-statutory status of the managements, the master-servant relationship between the university/government/management and the teachers and Article 30 (1) of the Constitution of India, all these conspire against legal safeguards. University legislation with progressive aspects like the one enacted by the United Front government in Kerala, 1967-69, has been quashed by the courts zealously safeguarding the fundamental rights of the managements, and overlooking those of the teachers. Even women teachers whose services were terminated on the specific charge of "getting married" could get no justice from the university authorities or the courts. Only the teachers' organizations came to their assistance. Where these organizations are strong, backed by a democratic movement outside, untrammelled by Victorian notions about academic status and all that, teachers enjoy more security than their colleagues in the rest of the country.

When surrounded by anxiety and helplessness, any talk of democratization itself will sound ridiculous. That a good number of teachers philosophically takes it in their stride and are still 'proud' of their profession and the authorities they serve will be no surprise to those who are familiar with the Indian social background.

### *Bureaucracy at the Helm*

Under these circumstances it is no wonder that in the university and college campuses, democracy is not a reality. Teachers and students have no voice at all in the formulation of academic policies or in the university's day-to-day functioning. Power entirely rests with some bureaucrats, a coterie of professors who may have all the qualities (or not) but lack the confidence of teachers and students, and a few other 'prominent citizens' from other walks of life, whose only contact with university education comes at the rare moments when they attend the meetings of committees or councils. Under the callous indifference and corrupting interference of the governments, universities have become the nurseries of all trends other than a healthy approach towards society as a whole.

This does not mean that all evils in the field of university education can be wiped out once it is democratized. Many of the ills afflicting university education are the products of the system that rules the country; they cannot be removed unless the system is changed and that is part of a larger question.

Nor is it meant here that once university education is democratized it should be completely autonomous as advocated by some 'apostles' of education. The university is there to serve society. This purpose can be achieved only if society lays down the broad aims and objectives—the general framework—of the university. What is happening now is that the governments overtly (and covertly) intervene in the university's day-to-day affairs. What the advocates of autonomy demand is that there should be no outside interference except by way of generous grants-in-aid. Their real intention is to see to it that the university serves the interests of a small section, not of the society as a whole.

What democracy demands is this : the objectives and broad policies of the university, which places it in the correct social perspective, should be drawn up by the legislature of the state. Once the objectives and broad policies are laid down, the university authorities should have full freedom in implementing it. If in the name of doing this they flout the directives of the legislature, the government will have the right to interfere. It should be underlined however, that the government must have no authority to interfere in the day-to-day running of the university as it does now.

## *Administrative Reorganization*

In the university set-up the supreme body should be the senate/court. Nobody except the legislature or the government with its sanction, should have the authority to overrule or amend the decision of the senate. The senate should have members in a proportion of fifty-fifty from academic and non-academic sectors. The number of government nominees should be kept to the minimum since their role is only to explain the stand of the government in various matters connected with university education. They should have no voting power. Generally, all seats should be filled by election. The principle of nomination should be avoided as far as possible. The practice of nominating some 'eminent' professors or principals should be discontinued; it has been found that the 'eminence' of many of such nominated people is not in their academic disciplines but in practices which nourish corruption inside the university, in perpetuating ideas of bygone ages, in blocking the entry of progressive ideas and in playing second fiddle to political-bureaucratic authorities. All teachers' representatives in the senate/court are to be elected by all the teachers. If necessary, some quota may be fixed for some of the categories of teachers. Students should be properly represented but their number need not be the same as that of teachers. So also for the non-teaching staff.

The syndicate/executive should be accountable to the senate. It should consist of less than ten members (including the vice-chancellor) all of whom should work whole-time. All of them should be elected by the senate (except the vice-chancellor). In the syndicate/executive also the proportion of academic : non-academic should be fifty-fifty. There should only be one nominee of the government in this body.

Academic councils of all types should be elected bodies; sufficient care should be taken in drafting their constitutions to see that representation is assured for diverse interests (teachers representing different levels and courses of study, students and non-teaching academics).

## *Nationalization to End Discrimination*

All private colleges imparting education as prescribed by the university should be nationalized. Here no discrimination should be made between colleges run by majority or minority communities. The verdicts of courts and the stand taken by the government have combined to bring matters to such a pass that if an institution is run by an individual in the name of a minority community it is considered a minority institution, irrespective of whether the majority of students belong to the community or not.

There is no justification in conferring minority status on an institution owned by a member of the minority community, if for all other purposes it is run as an ordinary educational institution satisfying the stipulations of the university. The status of 'minority community institution' should be given only if education is imparted exclusively to a minority community.

Government grant should be given only to those institutions which impart secular education prescribed by the university and none of them should carry the appellation of 'minority community'. The Supreme Court verdict regarding the status of the Aligarh Muslim University should be made to apply to such cases elsewhere. It said that since the university was established by the Central Government it cannot be considered a minority institution according to Article 30 (1) of the Constitution. Similarly those institutions which receive regular grants from government or where staff salaries are paid by the government (as in Kerala) cannot be considered 'minority' institutions. Article 30 (1) should be amended if necessary.

Even before nationalization, teachers, students and non-teaching staff should be given proper representation in the administration of the colleges. Departmental committees should be set up for running the departments. The present autocratic and bureaucratic way of administering the colleges should be put an end to. The principal should be made answerable to a college committee of teachers, students, non-teaching staff and representatives of the university and management.

A proper machinery should be set up to establish better relations between students and teachers and to do away with the contradictions existing between these two sections. Co-operation and co-ordination in their functioning are prerequisites for a real democratization of university education.

C P NARAYANAN

# *BOOK REVIEW*

MAHMOOD MAMDANI THE MYTH OF POPULATION CONTROL: FAMILY, CASTE AND CLASS IN AN INDIAN VILLAGE, Monthly Review Press, New York/London, $ 2.65/£ 1.30, pp 173.
V JAGANNATHA PANICKER, CRUCIFIXION OF THE UNBORN: UNDERPOPULATED INDIA, Sivaji Publications, Trivandrum-3, Rs 20/$7, pp 152.

APOLOGISTS of British rule in India made overpopulation an excuse for the poverty of the masses. The nationalist opinion did not agree with it fully. Immediately after independence, however, the new government veered round to the old British position. In 1952, the First Five Year Plan highlighted the need for reducing the rate of population growth for economic development. Since then, the official policy has been to make the knowledge and application of birth control, euphemistically called family planning, universal.

Affluent nations hailed it as a bold step, worthy of emulation by other developing nations. The Rockefeller Foundation, to which the American scholars had already sold the idea of overpopulation in the east, generously offered to help government to determine the effective uses of a recognized method of contraception in limiting numbers of people when applied to whole population of rural (village) communities in a populated area; to determine the effect of a programme of family planning when offered to all members of a village; and to determine the effect of population control on health and social status. The Government of India gratefully accepted the offer. Seven villages in the district of Ludhiana in Punjab were selected for the experiment and the control area demarcated. The results of the experiments were published in 1971 under the title *Khanna Study: Population Problems in the Rural Punjab.*

The Khanna Study is the result of six years of field work costing about a million dollars. It had two exploratory investigations, a pilot study and a four-year-long definitive study. The exploratory investigations started in June 1954 and the four years' intensive work of education and persuasion was completed in 1960. In 1969 a follow-up study was made according to the original programme. It showed that the birth rate had fallen from 40 per 1000 in 1957 to 35 per 1000 in 1968. That happened both in the "test" and control populations. In the words of the Khanna Study directors, "Apparently the chief accomplishment of the programme for family planning had been to induce to one quarter to one half of the couples previously practising birth control to switch on to modern methods easier to use and more effective. The striking change in age of women at marriage is more important." Change in age at marriage was more due to changes in the social conditions.

### *Ideal Family*

After a visit to the villages before the exploratory investigations were started, John Gordon, the director of the project, had been convinced that the people were conscious of the population problem as two thirds of the villagers contacted through a chowkidar, expressed the ideal family to be two boys and a girl. The final results were, therefore, a disappointment. The Technology and Science Society of Harvard wanted to know the causes of the failure of the Rockefeller Project. The result is a penetrating study by Mahmood Mamdani of the social, economic and technological changes taking place in Manupur, one of the villages included in the Khanna Study and the role of family in that setting.

After referring to the near static state of agriculture in the British days, the rigidity of caste which determined the occupation for life and the social and economic dominance of the Brahmin community, which acted as the moneylending class, he has delineated the developments since independence. The co-operatives gained a place in the economy of the village and the Intensive Agricultural Development Programme with its liberalized credit schemes eliminated the Brahmin community from the moneylending business and with that the economic dominance of that class. The farming community became receptive to new ideas and innovations. And with the introduction of the new variety of seeds, increased use of nitrogenous fertilizers and better water management, the productivity increased. The new innovations, particularly tube wells and chaffcutters, changed the class structure and the demand for seasonal labour increased. The old 'Jajmani' system under which social status and conditions of work were determined have almost disappeared. Jats, who are mostly farmers, constitute 59.5 per cent of the population. Next in importance are Harijans who form 23.5 per cent. The rest is either high caste service classes like priests, doctors, teachers and shopkeepers or low service castes like barbers, tailors and blacksmiths.

### *Guessing Game*

Mamdani has also noticed the emergence of a handful of big farmers with fully mechanized farms, the nucleus for the capitatist type of farming and a growing proletariat looking for opportunities to migrate. His study reveals that family labour is a necessity for the economic operation of small and medium size holdings. The farmer's attitude is "Why pay 2500 rupees for an extra hand. Why not have a son?" Mamdani does not minimize the problem of fragmentation confronting the farmer. According to him the farmer views it as a problem of the next generation. His major problem is to make a living off the land in his own lifetime. The production cost is his real problem. Harijans also find it advantageous to have a large family to meet the demand for additional labour required during the busy season and to earn a little more for the lean period. Really people who want a small-size family are teachers, government workers and ex-moneylenders, who constitute hardly five per cent of the population. What Mamdani's study has tried to show is that it is "utopain to suggest that the private cost-benefit considerations can coincide with the social cost-benefit optimality." Mamdani's study confirms Dr Deshmukh's calling our family planning programmes, in the absence of basic information "a guessing game, with high stakes, played with blunt clubs in a dark room full of players."

### *Vasectomy Festivals*

*The Crucifixion of the Unborn* is delightful reading. Jagannatha Panicker makes a rambling survey of resources, population growth and the views of eminent men to show that India is not overpopulated. The theory of overpopulation has a political overtone. Any discussion on that will only end in disagreement. But even those who cannot agree with him on the question of overpopulation will find it difficult to disagree with him when he says that India has failed to turn her vast manpower into a powerful instrument for economic expansion, because of her failure to bring about necessary structural and institutional changes. Will the 'milder form of democratic socialism' which he mentions, hasten or slow down the "structural and institutional" changes ?

One can understand his disgust with the herding of poor and innocent people for vasectomy operation alluring them with cash awards and glittering prizes to the family planning camps, called also 'festivals' by paid agents. But his arguments against it would have been more convincing if he made follow-up studies of a few cases showing the demographic and economic characteristics of those who submitted to the operation, their motivation and decision-making, after-effects of the operation on health, marital harmony, sex behaviour and also cases of repentence. Perhaps, finance must have been a constraint on him for undertaking such a study. The abundance of cheap gibes in the book will have only a reverse effect on the policy makers. The book contains an able presentation of the viewpoint of the Catholic Church on population and family planning in a foreword by the Archbishop of Trivandrum, Benedict Mar Gregorios.

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# *OUR CONTRIBUTORS*

*VIJAYKUMAR KANNAMPILLY is research scholar at the department of economics, University of Kerala, Trivandrum.*

*MICHAEL T KLARE is staff member of the North American Congress on Latin America, Berkeley, USA.*

*NARENDAR PANI is research student at the Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.*

*SHARAD PATIL is secretary, Dhulia District Committee of the Communist Party of India (Marxist), Sakri, Maharashtra.*

*R PERIALWAR is research scholar at the Centre of Advanced Study in Linguistics, Annamalai University, Annamalainagar.*

*Dr H C SRIVASTAVA is reader in sociology, Banaras Hindu University, Varanasi.*

*N VANAMAMALAI is editor,* AARAAICHI, *Tamil quarterly journal, Tirunelveli.*

MICHAEL T KLARE

# Indian Ocean and Japan in US Grand Strategy

FOR most people, the post-Vietnam era in Asia commenced with the signing of the Peace Agreement on January 23, 1973 and the withdrawal of US combat forces sixty days later. Viewed in geopolitical terms, however, a more accurate date would be January 1, 1972, when the U S Pacific Command (PACOM) was assigned operational jurisdiction over the Indian Ocean and adjacent areas—thus symbolizing the new strategic linkages between the western Pacific, South Asia and the Middle East, and facilitating the expansion of US naval power into the Indian Ocean proper.

PACOM, with headquarters in Hawaii, is now responsible for protecting US interests in a vast region stretching from Alaska in the north to Antartica in the south, and from California in the east to Pakistan in the west—an area of 94 million square miles, or 40 per cent of the earth's surface. Although American ground forces have been reduced significantly as a result of the Indochina peace settlement and domestic political pressure, naval forces have been strengthened and today the Pacific Fleet constitutes the world's most powerful maritime force. This vast armada, composed of 286 warships (including 7 aircraft carriers), 265,000 sailors and Marines, and 2,100 warplanes,[1] is charged with the responsibility of preserving American hegemony in the booming Pacific Rim economic community.

The Indochina conflict clearly demonstrated that the public will not tolerate the sacrifice of American lives in protracted counter-guerrilla wars in Asia. With the declining value of the dollar, Vietnam also demonstrated that the United States cannot enjoy inflation-free prosperity at home and at the same time maintain an unlimited military apparatus overseas. Economic and political conditions require, therefore, that future US strategy be based on a more efficient and restricted employment of the nation's limited military resources.

Under the Nixon Doctrine, the United States will no longer provide ground troops for counter-insurgency wars in Asia, but will "look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defence."[2] In Southeast Asia, where few governments command popular support, this policy envisions US armed client armies backed by US aircraft and warships. Where such forces prove inadequate, Washington is also ready to introduce the CIA's tribal mercenaries or the ground forces of local mini-powers whose militarized governments are sustained by subsidies. As former Secretary of Defence Melvin Laird explained,

> the basic policy of decreasing direct US military involvement cannot be successful unless we provide our friends and allies with the material assistance necessary...In the majority of cases, this means indigenous manpower organized into properly equipped and well-trained armed forces with the help of material, training, technology and specialized skills furnished by the United States.[3]

## *Consistent Objective*

Although the instruments of US grand strategy in Asia have been modified and refashioned in response to the changing nature of local power relationships, the paramount objective in the region has remained relatively consistent since the end of the Second World War to replace obsolete colonial and imperial economic structures with a "free trade" system conducive to penetration and domination by American capital. This goal has required, in turn, the containment of People's China, the defeat of national liberation movements in Southeast Asia, and the restoration of Japanese capitalism under American leadership. Twice in the past quarter century major US armies have fought in Asia in furtherance of these goals, and today over 172,000 American soldiers still stand watch in the area to protect American interests. (See Table I for a breakdown of the US military presence in East Asia.) Indeed, it is clear that despite the trauma of Vietnam, the policymakers have not abandoned their goal of securing control over the area's resources and expanding the field for trade and investment: US investments are growing at a faster rate in Asia than in any other area of the world, and oil companies are rushing to secure concessions for exploitation of the area's offshore petroleum reserves.[4]

TABLE I

DEPLOYMENT OF US FORCES IN EAST ASIA, AS OF APRIL 1974

| Country: | U S Servicemen: |
|---|---|
| Japan & Okinawa | 55,000 |
| South Korea | 38,000 |
| Thailand | 36,000 |
| Philippines | 16,000 |
| Taiwan | 6,000 |
| Offshore (7th Fleet) | 21,000 |
| Total | 172,000 |

SOURCE: *Department of State Bulletin* April 29, 1974, p 472.

Businessmen have developed the "Pacific Basin" concept to describe the outreach of American capitalism in Asia. "For most of modern history," Standard Oil of California's Board Chairman, O N Miller, wrote in 1973,

> the focus of trade and industry was on the nations washed by the Atlantic Ocean. But twentieth century communication and transportation have shrunk the once formidable time and distance barriers of the Orient, and today within the Pacific Basin's vast, but now accessible regions are some of the most rapidly expanding national economies of the world.[5]

America's Vietnam war spending helped spur the rapid economic growth in these countries, and now US corporations want to appropriate much of the area's new wealth. As noted by former Bank of America president Rudolph A Peterson in a speech to California businessmen, "there is no more vast or rich area for resource development or trade growth in the world today than this immense region, and it is virtually in our own backyard."[6]

## *Expansion to Indian Ocean: Diego Garcia*

In recent years the "Pacific Basin" concept has been stretched even further to encompass the Indian Ocean, which, since the 1967 closure of the Suez Canal, has been more accessible from the Pacific than from the Atlantic or Mediterranean. Already, the Indian Ocean has become one of the most important arenas for big power naval rivalry: a Soviet squadron has been stationed there since 1967, and U S warships have been deployed regularly since 1971. The reasons for the growing naval build-up are not difficult to identify—the tankers which provide 90 per cent of Japan's petroleum supply, 60 per cent of Europe's and an increasing proportion of North America's, all must pass through the Indian Ocean on their way to and from the oil ports. These waterways also link some of the most populous, important, and resource-rich Third World nations in the world, including Iran, Pakistan, India and Indonesia. Rocco M Paone, a professor of foreign affairs at the Naval Academy at Annapolis, has termed the Indian Ocean the newest "heartland of the world," and provides this inventory of its assets:

> The Western portion of the Indian Ocean heartland includes much of the untapped mineral, agricultural, and forest resources of some of the most fertile regions of Africa...Along the northwestern border is concentrated about 60 per cent of the world's oil reserves. The northern portion of this heartland includes the manpower resources of India, and, on its eastern and southeastern areas are located the enormous riches of the East Indies and the rapidly developing continent of Australia.

Paone went on to suggest that whoever controls the Indian Ocean region "controls the new heartland of the world and can be dominant in shaping world politics."[7]

Protection of Western shipping (particularly oil shipping) in the Indian Ocean is now a major responsibility of CINCPAC (Commander-in-Chief, Pacific Command), the major US headquarters in Asia. The White House sent the aircraft carrier *Hancock* into the Indian Ocean during the 1973 Mid-East war, and the Pentagon later announced plans to rotate warships through there regularly. The new naval base at Diego Garcia, a small island in the British Indian Ocean Territory, is being expanded to handle the increase in naval activity. According to Admiral Thomas H Moorer,

> the United States has important interests in the area, even beyond the self-evident need for access to oil and mineral resources. We must demonstrate to both allies and would-be adversaries US resolve to deter threats to the vital sea lanes of communication in the area and to prevent closure of those lines of communication if deterrence fails.[8]

### *Pacific Fleet Links Island Chain*

In order to preserve US hegemony in the vital Pacific/Indian Ocean area while eschewing the use of ground forces, the Pentagon has adopted a new naval/island strategy calling for superiority at sea and the maintenance of offshore military strongpoints. By controlling the strategic waterways of Asia, the United States can exercise ultimate dominion over all nations whose economic survival is dependent upon seaborne imports of food, energy sources and/or strategic raw materials, that is, every nation except perhaps the People's Republic of China. Such control is exercised first by the US Pacific Fleet, by far the most powerful naval force in Asia, and second by a continuous chain of island bases stretching in a mighty arc from Japan and Okinawa in the northwest Pacific to Taiwan, the Philippines and Micronesia in the southwest Pacific, and then on to Singapore and Diego Garcia in the Indian Ocean.

These island bases provide logistical and communications support for American forces assigned to the region, serve as "home ports" for warships permanently stationed in the western Pacific, and house supply depots for indigenous forces on the mainland. In addition, most of the US troops now being withdrawn from mainland bases in Thailand and Korea are to be rehoused in nearby island bases like those on Okinawa, the Philippines and Guam. The entire Third Marine Division, one of the first combat units to be deployed in Vietnam is now based on Okinawa, and many of the Air Force units being pulled out of Thailand will be relocated at Clark Air Base in the Philippines. These forces are available for rapid deployment to any crisis area in the Pacific Basin region; and, while they are not strong enough to fight a protracted major war, they could play a crucial role at the outbreak of a revolution or territorial conflict while hostile forces are still weak. Such "forward deployed" forces are also designed to perform an important political-psychological function, by serving as a symbol of America's determination to remain the hegemonic power in the region. As noted by Admiral Moorer,

> US general-purpose [non-nuclear] forces are deployed to the Western Pacific to deter aggression and to reassure our allies, particularly Korea and Japan, of our continuing interest and ability to play a major stabilizing role in the area. These forward-deployed forces would be crucial in a major conflict, serve as a deterrent to regional escalation of local confrontation, and demonstrate our resolve to remain a Pacific power...[9]

On these island strongholds, the most important are those in Japan, Okinawa, and the Philippines. The Japanese port city of Yokosuka is the "home port" for the Seventh Fleet flagship, the cruiser *Oklahoma City* as well as six destroyers and the aircraft carrier *USS Midway*. Okinawa (now under Japanese administration) is the principal US Army logistical base in Asia and an important "stepping stone" for the giant Air Force transport planes that will ferry troops and supplies to any future battlefields in the Pacific region.[10] Subic Bay, the mammoth Navy base near Manila currently services 110 warships a month—three times the workload of 1964—and houses an ammunition dump with 95,000 tons of munitions (six times the amount stockpiled ten years ago).[11] Without these crucial bases (and others in Hawaii, Micronesia and Australia), the United States could not sustain its dominant military position in the Pacific Basin area. According to Admiral Noel Gayler, CINCPAC's commander, "Our bases in Japan and the Philippines are the key to our strategic position."[12]

## *Big Corporations Rule the Waves*

These island bases are more easily defended than any comparable mainland bases, since the United States would control all surrounding air and sea areas in the event of war. Politically, these countries are closely aligned with the United States, and, because of their historic ties with the West, US troops could be sent to their defence at a much lower political cost than would be the case in any comparable action on the mainland.

Although this "Naval/Island" strategy appears at first sight to reduce US military leverage in the Pacific theatre, it does not signal any departure on the part of Washington from the goal of dominating the economic development of the entire area. In fact, the new strategy has certain built-in advantages that only become apparent when one has investigated the consequences of American economic policies in the area. By encouraging increased trade among the Pacific Basin countries (including those on the mainland), and helping (through increased aid and investments) to accelerate their economic "modernization" (i.e., industrialization and infrastructure development), the United States and its capitalist partners (particularly Japan) are tightening the dependence of these countries on the world capitalist market and thus on seaborne exports and imports *all of which must be carried over waterways dominated by the US Navy.* From the perspective of the policy-makers, accelerated industrialization and economic development in the Pacific Basin have these important strategic consequences:

1 Increased dependence on foreign sources of crude and refined petroleum, most of which will have to come from American oil companies and all of which will have to be transported by ship.

2 Increasing transformation of domestic agriculture into export-oriented cash-crop industries, precluding self-sufficiency in food and thus requiring increased (shipborne) imports of foodstuffs.

3 Increased development of high-technology, export-oriented industries, resulting in increased specialization in output and thus increased interdependence in raw materials, production equipment, specialized parts, etc.—most of which, of course, must be carried by sea.

4 Increasing national involvement in the international monetary system, which is largely controlled by the United States, Japan and Western Europe, and represented locally by island-based "money centres" —Tokyo, Hong Kong, Singapore, Manila.

5 Finally, as a natural consequence of all of the above, the rapid formation of indigenous entrepreneurial elites whose prosperity depends to a large extent on their ties to the large multinational combines, and who thus become increasingly committed to the preservation of the world capitalist system.

## *Gunboat Diplomacy*

In summary then, US efforts to quicken the pace of economic development in the Pacific Basin induces increased interdependence and raw material consumption, and thus increased vulnerability to economic sanctions (particularly trade restrictions) imposed by the advanced industrial powers. America's economic policies, therefore, are continually enhancing the deterrent value of US naval forces while at the same time advancing interests of its merchants and investors.

Although Pentagon officials tend to measure military preparedness in purely martial terms (strength of forces, weapons performance, etc.), they are not unaware of the linkages between economic and military policies and have been compelled—by the shifting power relationships of post-

Vietnam Asia—to exploit such linkages in the formulation of grand strategy. This approach was advocated in a remarkable 1963 essay by Defence Secretary James R Schlesinger, then a systems analyst at the RAND Corporation, on "Strategic Leverage from Aid and Trade". In the past, Schlesinger argued, "the United States has failed to take advantage of the power potential implicit in aid and trade through its failure to develop concepts and mechanisms of deterrence in ways akin to what has been done in the military field." Much of this inadequacy, he noted, "may be ascribed to a failure to develop sanctions...No system of deterrence can exclusively stress the carrot and ignore the stick." The "carrot and stick" formula is particularly relevant when dealing with the non-aligned nations of the Third World, which he suggested are like "children" in need of strong parental guidance. "Much of the disappointment we have felt in recent years regarding the behaviour of the neutrals may be attributed to our earlier failure to establish an incentive system which would help elicit the type of behaviour we desired." Our policy towards these countries will be much more effective, he asserted, when we abandon "permissiveness" and adopt "a system of sanctions which is at least vaguely perceived in advance."[13]

## *Blockade, Cuba Style*

While military force will continue to constitute America's ultimate sanction, Schlesinger indicated, it must develop "intermediate responses" to cope with "provocative action" on the part of rebellious Third World countries. Citing the blockade of Cuba as a model, he argued that restraints on trade constitute the most effective non-military sanction for "punishing" aberrant countries. "Making access to American and other Western markets contingent on avoidance of overtly hostile acts, by providing a sanction, would alter the way in which underdeveloped nations perceived the environment." If such a nation adopted policies hostile to the West, he suggested, the United States could mount a blockade of that country's exports and thus cripple its economy—with little collateral damage to the US economy. Despite the protests such an act might provoke, "the long-run therapeutic effect on other states of such action might be substantial."[14]

Although Schlesinger could not have foreseen the tumultuous course of events in Asia, his argument is remarkably consistent with the naval/island strategy sketched out above. And, while his remarks were not addressed to any particular region, they are particularly relevant to the emerging Pacific Basin economy—a fact which Schlesinger, now Secretary of Defence, can hardly fail to grasp.

When linked, the Administration's military and economic policies provide a highly efficient and versatile tool for advancing US interests in Asia. Further analysis suggests, however, that both policies presuppose the survival of the US-Japanese alliance, and that the success of America's Pacific Basin strategy ultimately depends on the durability and dependability of that alliance.

## *TOKYO-WASHINGTON AXIS*

Since the early Cold War era, Japan has been viewed both as a major basing complex for support of US operations elsewhere in Asia, and as an economic giant whose loss to Communism "could change the balance of industrial might against the West." [15] Japan's loyalty to the world capitalist system could only be assured, in Washington's view, if Japan were assured access to adequate sources of raw materials and markets in the larger Pacific community. Thus, from the very onset of the Cold War, Southeast Asia and Japan have been closely linked in US strategic planning.

These claims were used to justify US financing of the French war in Indochina (Washington ultimately underwrote 80 per cent of France's war costs), and then America's own intervention in Vietnam. Later, as the Japanese economy began its meteoric rise to the world's number three position, Washington discovered other compelling reasons for the expansion of Japanese trade with Southeast Asia:

First, to help reduce the flood of Japanese exports into the American market, where they have begun undermining the profitability of American products;

Second, to enhance Japan's stake in the survival of capitalist economies in the Pacific Basin and thus generate pressure for increased Japanese economic, political and military support for America's client regimes.

## *Militarization of Japan*

For the United States—with its military capabilities clearly strained by the long and costly adventure in Vietnam—this last point has assumed particular relevance. Washington has consistently favoured the expansion of Japan's military apparatus, and this goal became a major concern of the Nixon Administration. When Defence Secretary Melvin Laird visited Tokyo in July 1971 (the first visit to Japan by a US Secretary of Defence), he told Japanese officials that Japan must play a more active role in the defence of pro-Western regimes (particularly those in South Korea and Taiwan) if the United States was to continue defending Japan against a nuclear threat. [16] These demands were renewed when Secretary of State Henry Kissinger visited Tokyo in June 1972, and have been voiced continuously since.[17]

While American strategy has always envisioned a wider role for Japan in Southeast Asia, it is only in the past few years that Japan has actively sought out the role designed for it by US policy-makers. Japanese trade with non-Communist Asia has risen spectacularly since 1965, and Japanese investments in South Korea, Taiwan, the Philippines, Indonesia, Thailand and Malaysia are beginning to rival or surpass those of the

United States.[18] Keeping pace with these economic developments is the expansion of the Japanese military apparatus, which is called— in token adherence to Japan's no-war Constitution—the Self-Defence Force (SDF). Under Tokyo's current Five-Year Defence Plan (the fourth to be adopted since 1950), the SDF will acquire sufficient bombers, warships and other weapons to extend Japan's "defence perimeter" to Okinawa and other offshore points hundreds of miles from the home islands.[19] When the Fifth Defence Plan is completed in 1980, Japan will possess the third most powerful navy and air force in Asia, and will have a sufficient amphibious capability to transport significant ground forces to other Asian battlefields.[20]

Although US strategy does not currently envision a Japanese ground combat role on the mainland of Asia, Washington expects Tokyo to assume many of the high-technology tasks now performed by US forces in Asia particularly air defence and anti-submarine warfare (ASW). Japan is already responsible for the air and sea defence of US bases in Japan and Okinawa, and participates in the joint air defence network covering South Korea as well as Japan. Tokyo also pledged—in the November 1969 Nixon-Sato Communique on the reversion of Okinawa—to recognize Korea as "essential to Japan's security" and Taiwan as a "most important factor for the security of Japan". Although Tokyo has never spelt out the meaning of these commitments, it is known that Japanese military officials have met with their American counterparts to discuss joint action in case of military hostilities in South Korea or Taiwan.[21] Japan's new status as co-protector of the Seoul and Taipei regimes has been further cemented by joint military manoeuvres with American, Korean and Taiwanese forces, and by exchanges of military personnel.

### *Unsinkable Springboard*

As noted earlier, Japan also serves as a major US "springboard" for military operations elsewhere in Asia. The elaborate complex of naval and air bases at Yokosuka, Sasebo, Iawkuni, Yokota and Yokohama constitute, with Okinawa, the most important US communications, logistics and repair complex in Asia. Under the US-Japanese Security Treaty of 1960, America can use its Japanese bases in support of military operations anywhere in Asia after the usual *pro forma* "consultations" with Tokyo (as indeed, these bases were used to support US war operations in Vietnam).

The importance of these bases was enhanced even further in October 1973, when Yokosuka became the new "home base" of the *USS Midway*—the first US aircraft carrier to be permanently "homeported" outside US territorial waters. Although officially described as an "economy" measure to eliminate costly and time-consuming trips to California for repairs and servicing, the homeporting arrangement is clearly designed to upgrade the US naval posture in the western Pacific and to compensate for the withdrawal of US ground troops.

In summary, then, Japan is viewed as a major military partner by the United States—one that is expected to play an increasingly active role in American efforts to control the major oceanic areas surrounding Asia and to sustain the remaining pro-US regimes on the periphery of China. Clearly, Tokyo's continued adherence to this system will result in significant benefits for Japan in terms of increased trade with Southeast Asia, and continued US protection of the vital sea routes linking Japan with its overseas markets and sources of critical raw materials. Nevertheless, there are growing tensions in the relationship with Japan and some indications that Tokyo may someday be compelled to sever the partnership. Indeed, ever since the famous "Nixon shocks" of 1971 (when Washington announced a surcharge on Japanese imports to the United States and later forced Tokyo to revalue the yen), many Japanese policy-makers have advocated a greater self-reliance in both foreign policy and long-range economic planning.

## *Contradictions of Junior Partnership*

Although Japan clearly occupies a privileged position in the new Pacific Basin system being engineered in Washington, it is equally clear that it is a *subordinate* position. While encouraging Japan to expand its trade with Southeast Asia and to broaden its investments in such fields as textiles, electronics and timber, the United States has reserved for itself the really decisive and lucrative investments in oil, minerals, and refining. American oil firms and mining companies were the first to open up the area to resource development, and their initiative has paid off handsomely in terms of petroleum and mineral discoveries and concessions. Indeed, a map of oil concessions in Southeast Asia published by *Petroleum News Southeast Asia* in April 1974 shows that American firms have already staked off the largest and richest offshore oil concessions in the region. American firms also dominate such crucial fields as offshore drilling technology and mineral exploration. All this suggests that resource-hungry Japan will continue to be dependent on US-controlled sources of raw materials, and that its stake in many of the most lucrative industries will continue to be overshadowed by that of the United States.

The unequal nature of the US-Japan alliance is also evident in the military realm: although Washington clearly wants Japan to expand its defence role in Asia, it opposes any move that would promote Japanese self-sufficiency in military power and thus opposes the development of an independent nuclear capability.

Ultimately, the success or failure of the naval/island strategy in Asia is dependent on the survival of the existing alliance system with Japan. Without its Japanese bases and without Japan's participation in the emerging Pacific Basin system, the United States can hardly expect to remain the dominant power in the Pacific/Indian Ocean area. Yet as Japan's desire for greater economic independence and self-reliance grows —as undoubtedly it will—Tokyo will inevitably come into conflict with Washington's efforts to control the terms and direction of trade and investment in Asia. In the final analysis, the United States cannot help build a stronger Japan without at the same time generating pressures for greater Japanese autonomy in economic and military affairs and thus increased dissension and competition within the Pacific Basin system as a whole.

## *Upsurge in Asia*

While the defection of Japan represents the gravest potential threat to America's Pacific Basin strategy in Asia, there are many other conflicts, rivalries and tensions that pose a significant threat to the stability of the system as a whole. We should not forget, for instance, that despite two major wars, numerous counter-insurgency compaigns and tens of billions of dollars in military assistance funding, the United States still has not succeeded in destroying the indigenous revolutionary movements that have taken root in the region. Indeed, a quick survey of the military situation suggests that in many countries the rebel forces are stronger than ever before.

In the *Philippines,* two years after Ferdinand Marcos assumed dictatorial powers in a much-publicized campaign to restore law and order, the insurgent threat is greater than at any other time since the Huk rebellion of 20 years ago. Despite emergency deliveries of weapons and the ubiquitous presence of US advisers, government forces have not been able to crush the rebel movements in central Luzon, western Mindanao and the Sulu Archipelago.

In *Thailand,* where the United States has spent some $ 640 million to upgrade the counter-insurgency capabilities of the Royal Thai Army, the guerrilla forces in the north, northeast and southwest are reportedly stronger than ever.

In *Cambodia,* despite annual subsidies in the hundreds of millions of dollars and an illegal network of US military advisers, the Lon Nol regime is continually losing territory to the Khmer Rouge. Most experts believe that it is only a matter of time before the insurgents take Phnom Penh and the few other cities still in government control.

In *Burma,* minority Lahu tribesmen continue to resist government authority in the mountainous northeast, while further north other guerrila bands are reportedly in control of a large border area.

In *Malaysia,* remnants of the Malayan Liberation Army (which was supposedly crushed by the British in 1960 after a 12-year counter-guerrilla campaign) still occupy vast mountain areas along the Thai border, and have successfully resisted persistent government efforts to "pacify" the region.

Finally, in *South Vietnam,* despite a decade of counter-insurgency and the most concentrated air and artillery bombardment in history, the National Liberation Front continues its epic struggle against the US-sponsored regime in Saigon. Although a cease-fire has technically been in effect since January 1973, the Thieu regime has launched new offensives against NLF-administered areas and there is every likelihood that fighting will continue as long as US funds flow into the Saigon treasury.

### *Storm Signals*

This survey suggests that the potential for conflict and turmoil is as great as ever, and that no Pentagon strategy or Pacific alliance can guarantee a "generation of peace" in Asia. Indeed, careful analysis suggests that the Administration's Pacific Basin strategy is composed of many unstable elements brought together in an unnatural and unstable relationship. Many US clients are threatened by internal conflict or popular upheaval, while others are engaged in intense rivalries with their neighbours. Every Asian country, moreover, has had a history of colonialism and/or Japanese occupation and thus is naturally suspicious of any big power alliance.

The unstable nature of the Pacific Basin system becomes particularly evident when one considers that the new Pentagon strategy is based on continued occupation of bases located in countries ruled by dictators. These rulers—Park in Korea, Marcos in the Philippines, Chiang Kai-shek in Taiwan—have become completely isolated from the mass of their followers, and have had to adopt increasingly authoritarian measures to prevent a popular upheaval. As their repressive frenzy mounts, so does the certainty that their downfall will result in sweeping political and social change. And, since the United States has been so closely identified with the incumbent regime, it is equally certain that any new government will seek to diminish the influence of Washington. (This process is already visible in Thailand, where the reform government of Sanya Dharmasakti has sought diplomatic ties with Hanoi and has ordered the United States to discontinue its use of Thai bases for support of reconnaissance overflights in the Indian Ocean.) Although the loss of bases in any of these countries would not by itself cripple the US system, such upheavals could trigger a chain reaction by calling into question the durability of the Pacific alliance.

This analysis suggests that instabilities in Asia constitute the most immediate threat to the Pacific Basin system. As Vietnam demonstrated, however, events in Asia cannot be separated from the political process at home and any strategy for continued US domination in Asia is certain to generate some resistance in the United States itself. Already, the Nixon Administration has encountered considerable difficulty in persuading Congress to vote the funds needed to sustain clients in Asia. With the trend toward lower aid appropriations clearly gaining momentum, it is unlikely that Washington can continue to promise its Asian allies the kind of subsidies to which they have become accustomed.

### *Impotency of Superpower*

The inseverable relationship between events in Asia, Japan and the United States becomes most obvious when one considers the ultimate contingency: the outbreak of a popularly-supported armed revolution in one of America's key Pacific strongholds. Should the United States intervene with the full weight of its forces, there is no guarantee of success on the battlefield and every likelihood that such action would provoke widespread dissent at home. If the war were to continue, moreover, it is likely that the growing domestic disunity would precipitate a political crisis of unprecedented dimensions (indeed, the Watergate crisis can be viewed as the outcome of the struggle between Nixon and his anti-war critics). Washington could, of course, acquiesce to the revolt and impose economic sanctions on the revolutionary government (as in the case of Cuba), but such a passive response is bound to encourage dissidents elsewhere to step up their struggle against the local US client. Alternatively, should the United States persuade Japan to spearhead an intervention, it is probable that the ruling Liberal Democratic Party would face a parliamentary crisis and ultimately the loss of power. The appearance of Japanese troops, moreover, would almost certainly help legitimize the rebellion, as hatred of Japan remains strong in all those countries occupied by Tokyo during the Second World War. *Any* US response to a revolt, in other words, will provoke resistance and dissent in some other segment of the Pacific Basin system, and thus none of the strategies available to Washington can guarantee long-term US-supremacy in an Asian alliance.

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[1] US Pacific Command, Headquarters, *Pacific Command,* Honolulu 1974, p 8.

[2] Richard Nixon, *US Foreign Policies in the 1970's,* Report to Congress, February 18, 1970, Government Printing Office, Washington 1970, pp 55-6.

[3] US Congress, House Committee on Appropriations, Subcommittee, *Foreign Assisitance and Related Agencies Appropriations for 1971, Hearings,* 91st Cong., 2nd Sess., 1970, Part I, p 307.

[4] See *Pacific Basin Reports,* February 1, 1973, p 29 for investment data and July 1, 1973, pp 138-48 for oil data.

[5] Quoted in *Pacific Basin Reports,* February 1, 1973, p 28.

[6] Quoted in Peter Wiley, "Vietnam and the Pacific Rim Strategy", *Leviathan,* June 1969, p 7.

[7] Rocco M Paone, "The Soviet Threat in the Indian Ocean", *Military Review,* December 1970, p 49.

[8] Thomas H Moorer, *US Military Posture, Fiscal Year 1975,* US Department of Defence, Washington 1974, p 49.

[9] *Ibid.,* p 48.

[10] See "Okinawa : Keystone of the Pacific", *Le Monde,* Weekly Selection, June 25, 1969.

[11] *The New York Times,* June 26, 1974.

[12] "US Strategy for Staying No. 1 Power in Asia", Interview with Admiral Noel Gayler, *US News & World Report,* March 25, 1974, p 44.

[13] James R Schlesinger, "Strategic Leverage from Aid and Trade", in David M Abshire and Richard V Allen (Eds.) *National Security,* Praeger, New York 1973, pp 687, 692-3.

[14] *Ibid.,* pp 693-5.

[15] JK Holloway Jr. "The Post-Vietnam Navy", *US Naval Institute Proceedings,* August 1972, p 57.

[16] *The New York Times,* July 8, 1971.

[17] *The Washington Post,* June 13, 1972.

## *TRADITION AS A CONSTANT*

The Indian sociologists prefer 'depth analysis' of social phenomena. In this attempt they find the 'tradition' of their society as a symbolic system, the most significant core of human action. The common trend is to despise empirical positivism and regard the traditional frame of knowledge (A K Saran) or 'tradition as the superstructural property of the group (D P Mukherjee) or 'abstruse philosophy' (R N Saxena) or *dharma* (Motwani) as 'the core-content' of sociological phenomena to be understood and analysed by the sociologists. None defines tradition clearly, but they accept either Indological or social-anthropological or mystical-philosophical description of 'something' called tradition instead of describing social phenomena in terms of sociological-theoretical categories and variables. M N Srinivas provides an apt perspective to sociologists to modernize all their intellectual and moral resources when their own society is undergoing rapid social change.[2]

### *Rigid Conformity to Group Pattern*

D P Mukherjee's concept of Indian society is a derivative of what he calls the "philosophy of Indian history" which remained unrecorded. But it has a history of ideas (stamped on the heart of the people, as he says) exemplified in the daily conduct of its people. Indian culture, essentially being social, has a history expressed in Indian society. The history, economics and philosophy of India had always centred in social groups. The philosophy of Indian history is essentially vertical in the sense of stressing moral elevation. It is deeply social in nature concerned mainly with the business of social living "that is, living in groups through stages of growth, until one is to be so socialized that freedom will have become co-terminous with existence and institutions turned into agencies of group."[3] He pleads for a philosophical (or theoretical) approach to society.

Accordingly, the first task is to study 'social traditions' which include folk-ways, mores, customs and traditions for the purpose of understanding Indian social system and the 'meaningfulness' in its foundation. The common concrete phenomena of our social system, as manifested through group action and tradition, are not matters of individual decision between alternatives; they have a group bias.[4] It has been regulated, for ages past, on the concept of *purushartha* (or the four-fold ideals of life) —*dharma, artha, kama, moksha*. The binding effect of socio-cultural group pattern determines the average individual's pattern of desires beyond which he hardly deviates except under extreme conditions. The group traditions are so rigidly followed that the Indian social system is basically a normative orientation of group, sect, or caste action, but not of 'voluntaristic' individual action. "So there is no escape from traditions if you are an Indian, and additionally, an Indian sociologist".[5]

D P Mukherjee noticed a conflict between the 'voluntarism' of the new urban Indian middle class and the transitional principle of *dharma.* The new traditions, as a modified form of the age-long traditions, are yet in the offing. On the whole, we are a 'regimented' people under group norms but the majority of us do not feel regimented.[6] Hence, not individual, but the group is the unit of society. The significance of a traditional concept of Indian society is summarized in his own words: "For short, the chain of traditions, *sampradaya, parampara,* has been the true historicity of the Indian social system thus evolved ... the continuity of the Indian social system has been maintained so long."[7]

## *Integrative Dimensions and Economic Forces*

The easy conclusion, that D P Mukherjee propounds conservation of tradition in society, should be avoided. Being under Marxist influence, he was an optimistic thinker who regarded that the dynamism of Indian society was also rooted in its tradition. The deeper down one goes in the social reality the more radical one becomes. The traditions for change are *sruti* and *smriti* (the discursive reason) and *anubhava* or experience in the individual or generalized in group. Finally, he accepts the role of symbols in society. Symbols are the products of social reality. As he says, "the study of tradition, in the ultimate analysis, involves that of symbols which under certain conditions and on particular levels, are explosively creative and dynamic".[8]

Ram Krishna Mukherjee's views are the derivatives of D P Mukherjee's concept of Indian tradition. Ram Krishna Mukherjee regards tradition as "the schematic point in organism"(in the context of Indian society) which can be used as a comparative frame of reference for measuring social change in India. The Indian traditions provide four dimensions of integration in our people. Social change is almost a 'variation' (probably in the sense of disorganization) on this intra-India static four-dimensional model: the place in which an Indian is born, brought up and dies, the kin group to which a person belongs, the caste to which he is affiliated, and finally the linguistic region to which he is integrated.[9] This is an ideal of Indian society. The sociologists must understand it in order to study change or introduce measures of planned change. In the same strain Ram Krishna Mukherjee would quote D P Mukherjee to emphasize the economic aspect of the structural change which can bring significant alteration:

> Traditions have great power of resistance and absorption. Unless the force is extraordinarily strong—and it is that strong only when the modes of production are altered—traditions survive by adjustments. The capacity for adjustment is the measure of the vitality of tradition ...the Indian sociologist should precede the socialist interpretations of changes in the Indian tradition in terms of economic forces.[10]

## *Sociology of Knowledge Reconsidered*

Logically A K Saran's non-positivistic approcah to society leads to an approach to the sociology of knowledge to account for the "traditional, absolute and symbolic knowledge" where all relativity and conditional nature of knowledge are overcome. Such a state of knowledge, in Hindu tradition, issues from the "primordial unity" of thought and action in Absolute (the Vedantic Brahman). A knowledge of this nature may be confined only to the *Jnanis*, (learned) or the *Yogis*, achieved through an "intellectual and spiritual discipline". Saran thinks that the Mannheimian type of sociology of knowledge (exoteric in terms of socio-economic structure) wedded to "relationalism" and "relativism," denying the validity of absolute truth, could not deal with the perception of "traditional thought which is cosmically oriented". He maintains that the Hindu traditional thought cannot be understood "in terms of contemporary socio-economic structure, nor can the sociology of knowledge explain away its universality and immutability through a general theory of perspectives designed to save the sociology of knowledge from a self-stultifying scepticism endemic to it."[11]

Traditions generate a "specific mode of consciousness" (without being true or false) that provides a "whole world-outlook". Saran is devastating in his critique of scientific-objective sociology of knowledge. If the status of absolute truth is granted to natural science, it cannot be denied to social science which may have its own absolute truth expressed, through pure intellect, in mythological traditions and symbols, and retained in the unintelligible mental process (he calls it supra-conscious) conceived as collective unconscious in Jungian school of psychology. In this way Saran would like to justify history, nature and tradition in the name of unity and continuity.

## *High and Low Dispositions*

Saran criticizes the viewpoints of Watkins who reduces social phenomena to private (temperamental) and public (institutional)' dispositions (somewhat like Pareto's "residues". The total "variegated flux of dispositions" provides the social scientists with a subject matter. Watkins accepts hierarchy in dispositions. We are told that "a higher-order disposition explains an earlier and lower-order disposition".[12] The dispositions are expressed according to the "requiredness" (something like norm). They form an "autonomous deductive system". Somehow an individual can be constructed from the disposition-sets, but his positivism cannot explain "requiredness" of dispositions. Popper emphasizes that "the human individual loves his humanity if he is reduced to a set of dispositions or to a set of physical or physiological properties". He, therefore, proposes an individual who acts according to a certain standard of reason. Popper and Nagel would posit "institution" as the ultimate social reality against "dispositions" or "subjective psychic states".[13] Durkheim rejects transcendental Absolute but accepts conscience collective, the society, as a reflective symbol (representing nothing but itself), but accepts also that collective social reality is superior (in level) to the individual social reality which is inferior. Saran says, "It is the problem of higher and lower levels, and in this context reduction has no meaning."[14]

## *Society as Transcendental-Metacosmic*

The functionalists have made an attempt to show the ultimacy of the human universe. Functionalism, as a school, emphasizes the role of institutions and culture. "Functionalism represents a sort of socialized version of utilitarianism and thus is a species of positivism particularly suited to solve the problems of survivals and unanticipated consequences of action".[15] They insist upon the internal consistency of a system and posit integration as the supreme value. It is supposed to eliminate the transcendental norms by a theory of systematic interlocking. But an ultimate value cannot be instrumental with reference to the system. Hence, Malinowski posited "freedom" as such a value. The value supreme must be transcendental; in case it is derived from the inherent characteristic of human action, it will mean the abandonment of all forms of modern rationalism and positivism and giving up the means-end scheme of the functionalists. Saran has examined"reciprocity"a concept of Gouldner, as a supreme norm eliminating the superhuman dimension. The individual is required to reciprocate, that is, "to play the game, our almost absolute negative value being placed on failure to reciprocate adequately."[16]

Reciprocity is not only a substitute for the principle of defining rights and duties, but it is also a "reinforcement" to be recognized as the ultimate normative system. It possesses the obligatory "requiredness". Saran thinks man's "creatureliness" is such that mere "reciprocity" could not account for "obligations" (as he could not be the ground of his own being) till a transcendental higher normative system is accepted.

The basic thesis of Saran boils down to the contention that "society is something higher or transcendental in level". Society, the macrocosmic entity, is not reducible to individual who is the microcosm. It is metacosmic, somewhat like the traditional Indian vedantic concept of Brahma or the Absolute, as the unitary principle of universe from where the micro and macro are equally derivable.

## *Evolutionary 'Cosmos-Total' Concept*

A K Saran and Radhakamal Mukerjee join hands in their plea for traditional wisdom. Radhakamal Mukerjee presents an evolutionary view of man and human society. He seems to be under Bergsonian influence. From the level of self-extension, man may attain consummation in communal relation in link with the "cosmos-total", not by reason but by "intuition". From his anti-intellectual position, Mukerjee slips into the serenity of "aesthetic contemplation".[17] He propounds an idealistic-traditional concept of society on some aspect of two-dimensional existence: first, ephemeral or the contingent which is subject to the study of sciences concerned with "phenomena" and "empirical data"; second, the transcendental which can be expressed in philosophy.

> Man, as an object of empirical investigation is his finite, contingent existence, comprises the content of scientific knowledge about man. As free, open, infinite, and transcendent, he is the theme of philosophy. It is philosophy which reveals his authentic, full and perfect image, focussing its illumination on the human career through the phenomenal world to his universality and transcendence.[18]

Philosophy,for Mukerjee,is identical with intuitive-aesthetic conception of the"cosmos-total":"Living in communion can become ontologically complete only with the man's intuitive knowledge, through communion extending to human community as a whole..."[19] The concept of "cosmos-total" is the symbolic foundation of his non-positivistic notion of "community of communities." Man, in order to bridge his finite-infinite gap, creates all myth, art, religion and morality. The transcendental normative basis and the social creativity are the core-content of his community.

> But he overcomes these (the transitoriness and arbitrariness of human relations) in his social life and behaviour by making all human relations seats of universal, the eternal and the transcendent[20]... He becomes a community, the ceaseless, deep, ideal communion of the cosmos in himself. He elevates the casualness, finiteness, and arbitrariness of social relations into secure, joyous, unfathomable experience of transcendent...[21]

## *Faith Pinned on Universeman*

The problem of philosophizing about human society is axiological. With the atomic age, *homo sapiens* may enter into "total extinction", a 'total cosmic'. Society can counteract fateful catastrophe. The logical positivists conceive of man as a set of mental states. The existentialists aggravate their solitude by denying any intrinsic meaning in life. The Marxists plead for mass conformity and regulation; the only hope lies in the self-expansion of the individual with a personal universeman's life-with-mankind, his universal love—"self-identity in a personalized universe constitutes the ground of universal love".[22]

Mukerjee projects a faith in the guise of history which is"conscious of the unity of mankind as a world-reshaping faith".[23] He believes that man is the only animal who has a developed worldwide social heritage that belongs to all men everywhere. The centre of the world has been diffused into an "all-embracing moral and spiritual community". He writes: "The modern age grounds itself in the faith in a universal scale of human values that comprises the moral foundations for the growing unification of mankind and for a universal moral order in the future".[24]

He pleads for *visvatman* or the non-alienatory Brahma of Vedanta. The tradition-bound trends among contemporary Indian sociologists culminated logically in Radhakamal Mukerjee's concept of society in the process of evolution through a 'pull' from within to consummate into a cosmos-total. It is an entity or social phenomenon based on faith in Indian tradition. The logical resting point of extreme traditionalism is bound to be fixed in faith enlightened or mysticism beautified. A K Saran also indicates the same position when he says that Indian mind is "translogical" whose highest function is to realize the traditional wisdom. He writes:

> In Hinduism man's intellectual powers are regarded as potentially infinite; the task of Eastern rationale is to enable man to see the need for and awaken the next higher power of man. The Hindu thinker starts with a tradition of knowledge of the entire cosmos and the beyond and a technique of discipline for the realization of the primordial unity".[25]

## *TRADITION AS VARIABLE*

Yogendra Singh has developed a paradigmic concept of Indian tradition in his brilliant work *Modernization of Indian Tradition.* As variable it is evolving from primordial-tradition to modernization with a quality pattern of change. His concept of Indian tradition, contrary to the metasocial views reviewed earlier, is analytical as indicated in a unified world view, ritual styles and belief systems. He does not delineate tradition as entity or substance but as a variable identified under the components of Great and Little traditions "contributing to the process of transformation and synthesis." He presents a well-knit integrated analytical approach to the study of tradition and modernization in India. The paradigms of his analytical schemes are categorized under sources of change being "orthogenetic" and "heterogenetic"; the substantive domain of changes includes cultural structure (the Great and Little traditions) and social structure which is analytically reduced to macro and micro contexts. The evolutionary process of modernization is a smooth one without any serious breakdown in the system because of "institutionalization of modernizing changes".[26] The burden of super stability lies on the caste as a system which possesses "unexpected elasticity" and "latent potential for adaptation with modern institutions". Tradition, for Yogendra Singh, is identical with a set of categorical values,[27] like a supra-membership phenomenon, and as a set of role-structure it is an aggregated phenomenon. Yogendra Singh frames "constant co-ordination of modernization with conciliation"[28] as an assumed prerequisite for democratic modernization in India. He would accept structural inconsistencies instead of "breakdown."

Indian tradition has four major traits: hierarchy, holism, continuity and transcendence. In spite of their "temporal depth" these basic value premises of Indian tradition are challenged throughout the intellectual history of the country. Caste, family or village community may endure as institutions but not essentially as bearers of this tradition. In fact, there is a process, of overthrowing tradition as sacred, going on in modern India. The concept of institutional adaptability need not be confused with "traditionalization" or eternity of tradition.

## *Dilemma of Modernization*

If the referent variables of the concept of breakdown are delineated, many instance of serious breakdown may creep into the visibility range of Indian sociology. The phenomenon of breakdown can be empirically translated into discontinuity between "expectation" and "performance." The discontinuities in political system are clearly evident.

Yogendra Singh would not deny the phenomenon of breakdown altogether. His logical formulation, in denying "a policy of controlled suppression" in favour of "a series of conciliatory steps through a forceful strategy of mobilization", would permit him to accept that "chances of institutional breakdown are minimal".[29] on the Indian scene. The implicit sociological conviction is for a "rational coordination rather than 'big-push' policy" toward modernization because that would "contribute to a breakdown in the social structure".[30] Probably Yogendra Singh would agree with those sociologists of modernization who bracket breakdown with revolution (of the Red Revolution of China type)[31]. As there has not occurred a revolution of that type, Indian tradition remains undemolished. At least, the basic premise in this argument is true. But it is confusing to note how to conceptualize the entire anti-colonial struggle in the developing countries. Till colonial imperialism is not added to the modernizing "evolutionary universals" of Parsons, the reality of breakdown could hardly be denied. One could understand its refutation by Indian sociologists if breakdown is conceived as identical with a "totalitarian form of political system", (as apprehended by Yogendra Singh).[32] The dilemma of constant versus variable tradition has been handled by Yogendra Singh with unparalleled scholarly weight of evidence in favour of a syncretic-evolutionary conceptualization of tradition-to-modernization pathway in India. But his emphasis is typical of a value-laden negative approach, very common among Indian intellectuals, toward things that could be bagged under the blanket term "totalitarian system".

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[1] D N Majumdar, "Role of the Sociologists in India", *Sociology, Social Research and Social Problems in India*, R N Saxena (Ed.), Asia Publishing House, Bombay 1961, p 33. cf. "But I must confess that an Indian sociologist finds 'theory' congenial to his temperament and traditions...As an Indian, I find it impossible to discover any life-meaning in the jungle of the so-called empirical social monograph." D P Mukherjee, in *Sociology, Social Research and Social Problems, in India, op. cit.*, p 21.

[2] M N Srinivas, *Social Change in Modern India*, Allied Publishers, Bombay 1966, p 159.

[3] D P Mukherjee, *Diversities*, People's Publishing House, Bombay 1958, p 229.

[4] Also see Satyendra Tripathi, "Scope and Method of Sociology in India", *Sociology for India*, 1967, p 52.

[5] D P Mukherjee, *loc. cit.*, p 234.

[6] *Loc. cit*, p 235.

[7] *Loc. cit.*, pp 236-37.

[8] *Loc. cit.*, p 240.
D P Mukherjee maintains that his conceptual scheme "requires a different approach to sociology because of its special traditions, its special symbols and its special patterns of culture and social action". *loc. cit.*, p 241.

[9] Ram Krishna Mukherjee, *Sociologist and Social Change in India Today,* Prentice Hall, New Delhi 1965, p 195.

[10] *Loc. cit.,* p 213.

[11] A K Saran, "Sociology of Knowledge and Traditional Thought" *Sociological Bulletin,* Vol XIV, March 1965.

[12] A K Saran, "Some Aspects of Positivism in Sociology," paper presented at the 5th World Congress of Sociology, 1962.

[13] *Loc., cit.*

[14] *Loc., cit.*

[15] *Loc., cit.*

[16] *Loc., cit.*

[17] Radhakamal Mukerjee, *The Community of Communities,* Manaktalas, Bombay 1966, p 105.

[18] *Op. cit.,* 122.

[19] *Op. cit.,* 123.

[20] *Op. cit.,* 129.

[21] *Op. cit., passim.*

[22] *Loc. cit.*

[23] *Loc. cit.*

[24] *Loc. cit.*

[25] A K Saran, "Hinduism and Economic Development in India"Cyclostyled paper, p 3.

[26] Yogendra Singh, *Modernization of Indian Tradition,* Thomson Press (India) Limited, Delhi 1973, p 204.

[27] *Op. cit.,* pp 213-14 *passim.*

[28] *Op. cit.,* p 213.

[29] *Op. cit.,* p 213.

[30] *Op. cit.,* p 212.

[31] See the comparison between modernization process in Japan and China, *op. cit.,* pp 207-8.

[32] *Op. cit.,* p 212.

*N VANAMAMALAI*

# *State and Religion in the Chola Empire: Taxation for Thanjavur Temple's Music and Dance*

THE Big Temple was built in the capital city of Thanjavur by Raja Raja I (985-1016 AD) to commemorate his victories in battle, proclaim the greatness of the Chola dynasty and to dazzle the subjects of the empire with the magnificent edifice. The temple symbolized the supreme achievements of South Indian architecture, sculpture and engineering. A substantial part of the empire's surplus product was lavished on the festivals and daily performance of dance, music and drama in order to draw people to the temple and to the establishment theology of Saivism (Siva cult) which enjoyed royal patronage. The "opium of the masses" was thus administered with the sugar coating of the arts.

The emperor spent millions of *kasus* (gold coin) on the construction of the temple. After its consecration, he gathered a numerous galaxy of dance and music exponents who were appointed as *devar adiar* or *devadasis* (a class of temple hetaerae). Dance and music teachers, instrumentalists, vocalists and ornamental screen painters were appointed full-time temple employees to assist in the public performance of the artists. Their remuneration was fixed and paid regularly from the temple treasury.[1]

It is proposed in this study to estimate approximately the magnitude of the expenditure incurred on the upkeep of devadasis, musicians, artists and the artisans and craftsmen employed in stage construction and to discover the sources of income specially tapped to defray the maintenance and other charges for the artistic trappings of temple life. The main form of property being land, the emperor had to make changes in land-ownership, tenures and rates of *kanikkatan* (rent for the use of land, the ownership of which vested in the temple deity). This enquiry is based on the inscriptions of Raja Raja Chola on the *vimana* of the Thanjavur temple and its walls.[2]

## *What the Inscriptions Say*

These inscriptions indicate that 700 persons were on the temple payroll to perform religious and artistic functions.[3] A classification of the jobs is given alongside a job description of and the wages for each post.[4] It is possible to calculate roughly the quantity of paddy given to them annually. From other inscriptions of Raja Raja purporting to record payments of the entire kanikkatan to the Swami of the temple and cash taxes levied for temple expenses, it is possible to estimate the income allotted to meet the additional costs of maintaining the artistic contingent on the temple staff.

Some incriptions on the temple walls record appointment orders sanctioning new jobs and stipulating their remuneration. Other inscriptions provide for income by altering land ownership and the temple's share in land rent and vesting the right for collecting the entire *melwaram* (land rent) from *devadanam* (temple-owned) lands. Accommodation allotments are made to devadasis and other artistic personnel. Quotations from a few such inscriptions are given below.

> *உடையார் ஸ்ரீ ராஜராஜீச்சரம் உடைய தேவர்க்கு திருப்பதியம் விண்ணப்பம் செய்ய இராஜராஜ தேவர் குடுத்த பிடாரர்கள் நாற்பத்தெண்மரும், இவர்களிலே நிலையாய் உடுக்கை வாசிப்பான் ஒருவனும் இவர்களிலே நிலையாய் கெட்டி மத்தளம் வாசிப்பான் ஒருவனும் ஆக ஐம்பதின்மருக்கு பேரால் நிசதம் முக்குறுணி நிவந்தமாய் ராஜ கேசரியோடு ஒக்கும். ஆடவல்லான் என்னும் மரக்காலால் உடையார் ஸ்ரீ பண்டாரத்தேய் பெறவும்.*[5]
>
> [Raj Raja Devar gave 48 *pidaras* to recite *Thirupathyam* (*Thevaram* of the three Saivite Saints) before the deity of the temple of Raja Rajeswaram Udaiyar. One of them must play on *udukkai*, the other on *kotti mathalam*, both leather percussion instruments like small drums.]

It was ordered that they receive *mukkurini* (three marakkals) of paddy from the temple treasury every day. The number of pidaras who sang Thevaram and the accompanying artists was 50. Their emoluments amounted to 150 kurinis a day. The record is precisely put leaving no doubt or query on details.

## *Devadasis' Board and Residence*

Another inscription contains information on the selection and posting of hundreds of *devadasis* to sing and dance in the temple. They were called *Thalicheri pendugal* (ladies living on the streets near the temple). Four streets around the temple were laid out and houses built to accommodate them. Devadasis were recruited from Siva temples within the Chola territory and beyond. Perhaps the most accomplished hetaerae in all South India congregated within the temple precincts of Thanjavur. Special arrangements were made for the devadasis' livelihood. They were assigned *bhagas* (shares) in the revenue from devadanam lands. One share was equal to 100 *kalams* (capacity measure) of paddy. This was arbitrarily fixed as the melwaram from one *veli* (square measure) of devadanam land. This general order, issued in an inscription quoted below,[6] makes it clear.

> *உடையார் ஸ்ரீ ராஜராஜீச்சுரம் உடையார்க்கு நிவந்தக் காரராக உடையார் ஸ்ரீ ராஜராஜதேவர் குடுத்த நிவந்தக் காரருக்கும் ஸ்ரீ ராஜராஜீச்சுரம் உடையார் தளிச்சேரிப் பெண்டுகளாகச் சோழ மண்டலத் தளிச்சேரிகளில் நின்றும் கொண்டு ஏற்றின தளிச்சேரிப் பெண்டுகளுக்கும் நிவந்தமாய் பங்கு செய்தபடி. பங்குவழி ஒன்றினால் நிலன்வேலியினால் ராஜகேஸரியோடொக்கும் ஆடவல்லான் என்னும் மரக்காலால் நெல்லு நூற்றுக்கலனே.*

This inscription is highly informative since it gives a complete list of the devadasis with the serial number of the houses in the Thalicheri (streets around the temple) where they lived.

Here is the housing list found in the inscription:[7]

TABLE I

HOUSING FOR DEVADASIS

| | | |
|---|---|---|
| Thalicheri South | South Wing | 92 houses |
| | North Wing | 91 houses |
| Thalicheri North | North Wing | 94 houses |
| | South Wing | 25 houses |
| | Total | 302 houses |

Each house was allotted to a devadasi. The name of the lady is listed against the serial number of her residence. Three hundred and two of them were serving in the temple.[8]

## *Artistic and Ancillary Staff*

Teachers of dancing and music were entitled to one and a half to two shares per year. Musicians who played the accompaniment to dances earned one or one and a half shares. The teachers and playwrights were the most highly paid of the artistic personnel, getting three shares per annum (300 kalams).

There are sixteen categories of employees listed in one inscription with their share entitlements. Table II shows share per year and the kalam equivalent of paddy due to them as annual remuneration.

Besides these categories, there were supervisors, accountants and managers who were also hired on a "share" basis. For example, the two supervisors for devadasis and *gandarvis* were allowed two shares each.

### TABLE II

SHARE ENTITLEMENTS OF DANCERS AND MUSICIANS

| | Job category | Share | Remuneration (in kalams of paddy) |
|---|---|---|---|
| 1 | Devar adiar | 1 | 100 |
| 2 | Dance Teacher | 2 | 200 |
| 3 | Songster | 1½ | 150 |
| 4 | Practical Dance Teacher | 2 | 200 |
| 5 | Padaviam (nature of job not known) | 1½ | 150 |
| 6 | Piper | 2 | 200 |
| 7 | Udukkaikaran | 1½ | 150 |
| 8 | Veena player | 3½ | 350 |
| 9 | Aryam songster (3 persons) | 1½ | 150 |
| 10 | Tamil songster (4 persons) | 1½ | 150 |
| 11 | Gandarvi | 1 | 100 |
| 12 | Conch player | 1 | 100 |
| 13 | Uvaichan | 1 | 100 |
| 14 | Accompanying musician (5 persons) | ¾ | 75 |
| 15 | Gandarvan | ¾ | 75 |
| 16 | Guard—right handed (6 persons) | ¾ | 75 |

Artisans who constructed the stage, washermen who washed employees' clothes, carpenters, blacksmiths and barbers who served the artistic personnel had also shares in devadanam kanikkatan.

Seventy seven labourers worked on the stage. Eleven potters made pots for cooking and storing water. Tailors who made costumes for the actors and actresses held steady jobs and enjoyed one share each while a tailor's assistant got half of it.

All these employees of the temple establishment were called *nivandakarar*[9]. *Nivandam* means share in the income from temple lands. Nivandakarar of the auxiliary type were 206 in all. In addition, guards, priests and servants were also on the temple staff. The payroll of the Big Temple covered a total of 700 personnel. From available data it is possible to calculate the extent of their remuneration.

## TABLE III

### ANNUAL REMUNERATION TO AUXILIARY PERSONNEL

| | Job Category | Share | Number | Annual remuneration (in kalams of paddy) |
|---|---|---|---|---|
| 1 | Dance teachers | 2 | 8 | 1600 |
| 2 | Assistant dance teachers | 1½ | 2 | 300 |
| 3 | Songsters | 1½ | 3 | 450 |
| 4 | Vankyams | 1½ | 3 | 450 |
| 5 | Pataviam | 2 | 4 | 800 |
| 6 | Vathiamarayan | 2 | 2 | 400 |
| 7 | Drummers on udukkai | 2 | 8 | 1600 |
| 8 | Veena player | 3½ | 1 | 350 |
| 9 | Aryam singers | 1½ | 3 | 450 |
| 10 | Tamil singers | 1½ | 4 | 600 |
| 11 | Drummers on mathalam | 1½ | 2 | 300 |
| 12 | Conch blowers | 1 | 3 | 300 |
| 13 | Supervisor of gandarvis | 2 | 2 | 400 |
| 14 | Accompanying musicians | ¾ | 41 | 3075 |
| 15 | Accountants | 2 | 2 | 400 |
| 16 | Assistant accountants | ¾ | 2 | 150 |
| 17 | Assistant conch blowers | ½ | 11 | 550 |
| 18 | Keelkutai | 2 | 1 | 200 |
| 19 | Drummers | ½ | 11 | 550 |
| 20 | Drummers | ½ | 11 | 550 |
| 21 | Drummers | ½ | 11 | 550 |
| 22 | Roller lifters | ½ | 11 | 550 |
| 23 | Thiruppani Thongal (Florists) | ½ | 11 | 550 |
| 24 | Lamp carriers | 1 | 4 | 400 |
| 25 | Watermen | ½ | 4 | 200 |
| 26 | Sannalias | ¾ | 2 | 150 |
| 27 | Cooks | ½ | 12 | 600 |
| 28 | Washermen | 1 | 2 | 200 |
| 29 | Kavitimais | ½ | 2 | 100 |
| 30 | Chief barber | 1 | 1 | 100 |
| 31 | Astrologer and assistant | 1½ | 2 | 300 |
| 32 | Chief astrologer and assistant | 1½ | 2 | 300 |
| 33 | Kolinamai seyvar | ½ | 2 | 100 |
| 34 | Barber surgeon | 1 | 1 | 100 |
| 35 | Tailor | 1 | 1 | 100 |
| 36 | Chief tailor | 1 | 1 | 100 |

| | | | |
|---|---|---|---|
| 37 Diamond sewer | 1 | 1 | 100 |
| 38 Coppersmith | 1 | 1 | 100 |
| 39 Chief carpenter | 1½ | 1 | 150 |
| 40 Carpenters | ¾ | 2 | 150 |
| 41 Tailors | ¾ | 4 | 300 |
| 42 Chakkai dancer | 1½ | 1 | 150 |
| 43 Goldsmith supervisor | 1 | 1 | 100 |
| | | Total | 18925 |

With about 40 categories of employees in the temple, the total expenditure on remuneration in kind to the nivandakarar amounted annually to 18,925 kalams of paddy. The remuneration of Thalicheri pendugal, the Thevaram reciters plus this figure give us an idea of the total paddy disbursements.

| | Kalams of paddy |
|---|---|
| Wages of nivandakarar | 18,925 |
| Wages of devadasis | 30,200 |
| Wages of Thevaram reciters | 5,000 |
| Total | 54,125 |

This is quite a considerable quantity of paddy. In addition, cash had to be found for daily needs of the temple, seasonal and annual festivals and payments to guards, *archakas* (priests) and preachers. [12]

## *Balancing the Temple Budget*

Certain special means of income were devised by Raja Raja Chola to meet the remuneration of guards and archakas. *Sabhas* of the most wealthy temples of Cholamandalam were required by imperial decree to send guards, archakas and preachers on their own account [13]. Their remuneration was paid into the treasury of the Big Temple by the respective sabhas. Thus the drain on the resources of the Big Temple was partially reduced.

But the direct appointees of the Big Temple had to be paid from its own coffers. These expenses arose within two years of the construction of the temple in the 28th and 29th regnal years of Raja Raja. [14] He had to find certain perennial sources of income. Funds came through two channels: (1) The kanikkatan from devadanam lands, and (2) cash receipts in gold from proceeds of specified taxes made over by the state.[15]

Raja Raja issued three decrees to regularize and enhance the revenue from devadanam lands. The decrees introduced innovations in the revenue system by fixing kanikkatan defining tax-free lands, classifying lands according to yield, determining for the whole village the quantum of land rent and empowering the village sabhas to collect and pay in. These entailed *changes not only in land titles but also in the shares of* *the produce to the owner, middleman, tiller and the temple. In brief, the decrees sought to alter the production relation in favour of king and temple.* Invariably the consequence of the decrees was to increase the share of the temple in the gross produce of a village. Here is the text of one royal proclamation:

> To provide income for the nivandam endowed by Sri Udaiyar Raja Raja Deva for the worship of the Paramaswamy installed in the stone temple by Sri Raja Raja Deva: Kanikkatan is hereby fixed to be measured out by the standard marakkal called Rajakesari and tax to be paid in cash for all the cultivable land in each village exempting tax-free land—which are the following: sites on which temples stand, tank beds, irrigation channels, Paraicheri (areas inhabited by Pariahs), Kammancheri (areas inhibited by goldsmiths) carpenters, blacksmiths, stone masons and coppersmiths).[15]
>
> *கோராஜ கேஸ்வரி வாமரான ஸ்ரீ ராஜ ராஜ தேவர்க்கு யாண்டு இருபத்தொன்பதாவது வரை உடையார் ஸ்ரீ ராஜ ராஜ தேவர் தஞ்சாவூரில் குடுப்பித்த திருச்சுற்றமுனி ஸ்ரீ ராஜ ராஜச்சுரம் உடைய பரமஸ்வாமிக்கு வேண்டும் நிவந்தங்களுக்கு தேவதான்மாக சோழமண்டலத்தும் புறமண்டலங்களிலும் உடையார் ஸ்ரீ ராஜ ராஜ தேவர் குடுத்த ஊர்களில் ஊர் நத்தமும் ஸ்ரீ கோயில்களும் உடைத்துப்போன வாய்கால்களும் பணச்சேரியும் கம்மாண்சேரியும். சுடுகாடுட் உன்னிட்டு. இறையிலி நிலங்களும் இறை கட்டின நிலத்தால் காணிக்கடன் ராஜகேஸரியோ டொக்கும் ஆடவல்லாளுல் இடக்கடவு நெல்லும் காசும் பேசிக் கல்லில் வெட்டின.*

## *More for King and Temple*

Before promulgation of the decrees in the 29th year of Raja Raja's reign, the sabha representing the devadanam village used to hand over a fixed quantity of paddy to the temple treasury. The decrees *transferred the communal landownership to the deity of the temple* and exempted only specified areas in each village from payment of land-rent. The extent of lands in the village was accurately measured and marked, the *iraiyili* (levy-free) land being specifically listed and a cess charged at 100 kalams per veli.

An inscription gives details of the changes sought:

> In Arumoli Deva Valanadu, village Pakayoor: All land area including the Jain temple site and tax-free lands was measured and found to be equal to 134 velis, 8 mas and ¼ of a ma and ¾ of araikani and 4 small mas.[16]
>
> *நிலம் நூற்று முப்பத்து நான்கேய் எட்டு மாவின் கீழ் முக்காலே மும்மா வரையரைக் காணி முந்திரிகைகீழ் நான்குமா.*
>
> The levy-free sites and lands are listed: Grazing ground, tank bed, Kammancheri, Paraicheri, burning ghats, irrigation channels passing through the village.[17]
>
> *ஊர் தத்தமும் குளமும் கம்மானசேரியும் பறைச்சேரியும் சுடுகாடும் இவ்வூர் நிலத்தை ஊடறுத்துச்செல்லும் கால்வாய்களும்.*

Then the decree fixes the assessment of kanikatan to be paid to the Big Temple.

The levy on the surveyed land in this village is fixed as 12,530 kalams, 2 thoonis kurini and 1 vali to be measured by the standard marakkal called Adavallan.[18]

*இறைகட்டின நிலம் காணிக்கடன் ராஜகேஸரியோடொக்கும் ஆடவல்லானால் அளக்ககடவநெல்லும் பன்னீராயிரத்து ஐநூற்று முப்பதின் கலனே இரு நாணிக்குறணி ஒருநாழ்.*

The area of cultivable land assessed for temple levy is thus on record. Wasteland was left levy-free. But not a single cent of cultivable land was exempt. All kanikkatan from the devadanam lands were to be paid to the Big Temple. The total kanikkatan was also enhanced for every devadanam village. Three records (tables IV-VI) give detailed information about areas of cultivable land in each village, the kanikkatan ordained on the rural *sabhas*, and the gold payable by the *nagarams* (marchant guilds ruling nagaram villages).

## TABLE IV [19]

### Levies in Paddy and Gold

| | Village | Area of cultivable land | | Kanikkatan paddy (in Kalams) | Weight of gold payable |
|---|---|---|---|---|---|
| | | Veli | Ma | | |
| 1 | Paalaiyoor | 125 | 5 | 12,530 | Nil |
| 2 | Arappazh | $107\frac{1}{2}$ | .. | 10,748 | .. |
| 8 | Keeran Thevangudi | ... | .. | 4,070 | ... |
| 4 | Nagangudi | $21\frac{8}{4}$ | .. | 2,181 | ... |
| 5 | Nagangudi (2) | 115 | .. | 11,526 | ... |
| 6 | Uchipadi | $55\frac{1}{2}$ | 3 | 5,526 | ... |
| 7 | Keezh Vadugakkudi | $6\frac{8}{4}$ | .. | 674 | ... |
| 8 | Gosankanangudi | 5 | 8 | 518 | ... |
| 9 | Vadaviraiyan Pallam | 24 | .. | 2,393 | ... |
| 10 | Thiru Thengoor | $29\frac{1}{2}$ | .. | ... | 297 kalanju 4 manjadi |
| 11 | Arakkangudi | $6\frac{8}{4}$ | 4 | 656 | ... |
| 12 | Pidaraseri (1) | 5 | 8 | 535 | ... |
| 13 | Pidaraseri (2) | $49\frac{8}{4}$ | 4 | 4.910 | .. |
| 14 | Nerkuppai | 37 | 7 | 3,720 | ... |
| 15 | Maruthuvakkudi | $29\frac{3}{4}$ | 2 | 5,467 | .. |
| 16 | Raja Raja Nallur | 34 | 3 | 3,378 | .. |

SOURCE: *South Indian Inscriptions*, Vol II, No 4.

## TABLE V [20]

### LEVIES IN PADDY AND GOLD

| | Village | Area of cultivable land | | Kanikkatan paddy | Weight of gold payable |
|---|---|---|---|---|---|
| | | Veli | Ma | | |
| 1 | Karuppu | 5½ | 4 | 549 kalams<br>7 kurini | ... |
| 2 | Thirutevankudi | 29¼ | .. | ... | ... |
| 3 | Kuruvaniakkudi | 39½ | 3 | ... | 30 kalanju<br>3¾ manjadi |
| 4 | Aanpanur | 75¾ | 9 | ... | |
| 5 | Eengaryur | 42¾ | 9 | 4278 kalams | ... |
| 6 | Panamangalam | 40¾ | .. | 4072 ,, | ... |
| 7 | Sathanpadi | 19¾ | .. | 1883 ,, | .. |
| 8 | Kangudi | 4⅓ | 11 | 469 ,, | .. |
| 9 | Manthottam | 14½ | .. | 1450 ,, | .. |
| 10 | Iraiyancheri | 16¾ | .. | 1169 ,, | ... |
| 11 | Venkonegudi | 48 | 2 | 4784 ,, | .. |
| 12 | Makanigudi | 23 | 3 | 2315 ,, | .. |
| 13 | Chiruchempurai | 6 | 6 | 610 ,, | .. |
| 14 | Thuraiyur | 149½ | 4 | 14988 ,, | .. |
| 15 | Kanimangalam | 11 | 1 | 1083 ,, | .. |
| 16 | Nagaram Venninilam | 25 | 6 | .. | .. |
| | Nagaram Boothamangalam | 3 | 8 | .. | 30¼ kalanju<br>3 ma |
| | Nagaram Karukurichi | 2¾ | 1 | .. | 28 kalanju<br>9 manjadi<br>7 ma |
| | Venni Thirappan Palli | 7¾ | 2 | .. | 72 kalanju<br>8 ma |
| | Cultivable waste-land in 3 villages | 7¾ | 1 | .. | .. |
| | Lands controlled by the nagaram | 63 | 2 | .. | 541 kalanju<br>8 ma |
| 17 | Sala bogam Kodimangalam | 50½ | | 5057 | .. |
| 18 | Nagaram Venal Vidugupuram | 20½ | | ... | 167 kalanju<br>½-3 manjadi |

SOURCE : *South Indian Inscriptions*, Vol II, No 5.

## TABLE VI [21]

### LEVIES IN PADDY AND GOLD

| | Village | Area of cultivable land | | Kanikkatan paddy (in Kalams) | Weight of gold payable |
|---|---|---|---|---|---|
| | | Veli | Ma | | |
| 1 | Peraayur (1) | .. | .. | .. | 109 kalanju<br>9 manjadi |
| 2 | Peraayur (2) | .. | .. | .. | 120 kalanju |
| 3 | Andakkudi | 16½ | 4 | 120¾ | 13 manjadi |
| 4 | Palur | .. | .. | ... | 500 kalanju |
| 5 | ... mur | .. | .. | ... | 500 kalanju |
| 6 | Kusavoor | .. | .. | 9000 | .. |
| 7 | Koodaloor | .. | .. | 12840 | .. |
| 8 | Mapisimpu | .. | .. | 5164 | .. |
| 9 | Kottiaram | .. | .. | 117 | .. |
| 10 | Nattuvitti | 18 | .. | 3 | 1866 |
| 11 | Masaar | .. | .. | 489 | .. |

SOURCE: *South Indian Inscriptions*, Vol II, No 92.

### *Land Survey and Assessment*

The three decrees relating to revised rents for devadanam lands meant an inflow of 138,140 kalams of paddy to the Big Temple. To ensure collection of the entire quantity, steps were taken to survey all devadanam lands, classify lands according to productivity to define levy-free lands (iraiyili) and to fix the area of land in each village liable for assessment. Levies in cash and kind were accurately determined and recorded.

To cite an example:

Land—Assessable land area: Thirty nine and a half kalams, three kakanis below half kani ¾ and 4 ma., below mukkani three quarters and one ma.

*நிலம் இறை கட்டின நிலம் முப்பத்தொன்பதரையே மூன்று மாக்காணி அரைக்காணிக்கீழ் முக்காலே நான்குமா முக்காணி கீழ் முக்காலே ஒருமா.*

Gold—Assessable gold: Three hundred and four kalanju three manjadi and nine ma.[22]

*பொன் இறை கட்டின பொன் முன்னூற்று நாற்கழஞ்சே மூன்று மஞ்சாடியும் ஒன்பதுமா-மாவரை.*

Both the quantity of paddy and weight of gold assessed were calculated correct to the smallest measure of volume or weight.

After the area of tax-free and levy-free lands was subtracted, the whole village, through its sabha was made liable to pay a fixed quantity of paddy, or specified weight in gold. There were no exemptions.

Generally villages inhabited by peasants and Brahmins paid in kind (paddy). But from villages where economic-political power was wielded by merchants and moneylenders, payment was made in gold. Out of 16 villages in table II, only 3 paid in gold. The nagarams (merchant guilds) of these villages had jurisdiction over others which also made gold payments.

## *Exemption from Levy*

Tax-free and levy-free lands were recorded in the three epigraphs. Two examples are given below to show how the exempted lands were entered in the records.

> (A) The site of buildings in the villages, the threshing floor, the main channel passing through the village, the branch channels branching out from the main channels through the village to Chettymangalam, the main temple of this village named Mahadevar Thiruvanni Baghavar Koil, front yard of the main temple, Pidari Koil and its front yard, Thiru Paigneeli temple, Jyeshta temple. Mahadevar tank, the bund of the tank, Eelacheri, Paraicheri. The burning ghat of the Vellalas, the burning ghat of the Pariahs, the rocky parts of the village (Anpanoor.)[22]
>
> (B) The natham (peramboke) where buildings stand, the well, the water storage tub, the burning ghat of the Vellalas, the granaries, Thalaivaicheri, Eelacheri, Kammancheri, Paraicheri, the burning ghat of the Pariahs, the channel that runs across the village to other villages, the temple of Pidari Punnathurainanayaki and the front yard of the temple, the temple of village guardian goddess named Pothuvagai Oorudaiyal, and the front yard of the temple, the temple of Sri Durga and its front yard, the temple of Kalar Pidariar and its front yard the temple of Pidari and Kuthirai vattam Udaiyar and its front yard, the tank and its banks—these are tax-free lands in this village (Thuraiyoor).[23]

The records accept the following classes of land for exemption from tax and levy: (1) Common pasture land, (2) residential areas of Pariahs, artisans and weavers, (3) burning ghats, (4) channels passing through a village, (5) main temple and the temples of village goddesses, (6) threshing floors, (7) grazing grounds in Paraicheri, (8) front yards of temples and (9) main roads passing through the village.

## *Mean Assessment*

All other classified lands were brought under the assessment of kanikkatan. 'Tax dodging' was thus reduced to a minimum.

Since all devadanam lands were the fertile and wet tracts in Cholamandalam, there was very nearly a uniform levy on each veli of land in different villages. On that basis, the total kanikkatan of a village was computed and fixed. From the tables we can arrive at the mean assessment per veli of land. It was approximately 100 kalams per veli, that is, one bagha or share of nivandam.

The deviation from the mean is quite small. To illustrate:

## TABLE VII

### Average Assessment of Paddy Levy

| | Village | Area of land assessable | | Kanikkatan (in kalams) | Kalams per veli |
|---|---|---|---|---|---|
| | | Veli | Ma | | |
| 1 | Palaiyoor | 125 | 5 | 12530 | 100 |
| 4 | Nagangudi | 21¾ | — | 2181 | 100 |
| 6 | Uchipadi | 55½ | — | 5526 | 100 |
| 11 | Arakkangudi | 6¾ | 4 | 656 | 97.76 |
| 12 | Pidaraseri | 5 | 8 | 535 | 93·60 |
| 14 | Nerkuppai | 37 | 7 | 3720 | 98 |

Not merely the examples chosen for this table, but the data on other villages in the three tables IV, V and VI, and on the villages mentioned in other inscriptions of Raja Raja indicate the kanikkatan at 93·6 to 100 kalams per veli of fertile land. 100 being the mean average, the plus and minus variations are slight. For a few villages, the kalams per veli are even higher than 100. For a few others, the kanikkatan is slightly lower than 100 kalams per veli. Raja Raja had the lands assorted as first and second class according to their produce per veli. Therefore the deviation from the mean is explained by the difference in productivity. There is only one village in which the kanikkatan per veli is appreciably lower than 100.

## TABLE VIII

### Village Paying Lowest Rate

| Village | Area Assessable | Kanikkatan | Kalams per veli |
|---|---|---|---|
| Andanoor | 75¾ V. 9 Ma | 5850 K. | 77 |

With this lonely exception of a low figure for column 4, all other yields range from 93.6 to 100.6. Most villages are closer to the mean 100.

### *Important Results*

1 The kanikkatan for each village must have increased considerably.

2 The gross income of the cultivating peasants must have increased considerably.

3 As all tax-and levy-free lands were recorded there were no loopholes for tax-evasion.

4 The net revenues of village institutions, the sabha and the oor, after deducting levies must have suffered a decrease.

Apart from increasing the burden of total kanikkatan on each village, Raja Raja effected changes in landownership in certain cases with a view to stepping up the revenue of the Big Temple. Inscriptions of Raja Raja bear this out. We shall analyse this data to reveal the nature of changes in landownership brought about by the imperial decrees:

- Oymanattu Peraayoor in Jeyamkonda Cholamandalam in Thondainadu:

  Cancelling the titles of the previous holders and evicting the cultivators, the kanikkatan including *meeyatchi* and *kaaratchi* is fixed to be (erased) kalams of paddy and 109 kalanju and 9 manjadi of gold.[24]
  *முன்னுடையாரை மாற்றிக் குடி நீக்கி காராட்சியும் மீயாட்சியும் மிகுதிக் குறையும் உள்ளடங்க இவ்வூர் இறை கட்டின காணிக்கடன் ஆடவல்லான் எனனும் ராஜகேசரியோடொக்கும் மாக்காலாவால் கடக்க கடவதெல்லு ......(அழிந்துள்ளது) பொன் நூற்றொன்பதின் கழஞ்சே ஒன்பது மஞ்சாடியும்.*

## *Temple as New Landlord*

This is a significant record. The owners or holders were deprived of their titles. Cultivators were evicted. The rights of the owner or holder to meeyatchi and cultivators on lease were all abrogated. The temple became the holder of the devadanam lands and assumed all ownership rights. Kanikkatan included all the dues which used to be paid to the erstwhile landholder.

From the inscription it is clear that proprietorship was transferred from landowners in the village to the temple in seven cases: Peraayur, Andakkudi, Sooloor, Kusavoor, Mapisimpu, Kottiaram, Nattuvitti, and Masaar. There must have been *vellanvagai* landownership in these seven villages. (Vellanvagai refers to land owned by individual landlords or peasants in common). There are three more cases of ownership transfer. But the names of the villages are illegible in the inscriptions. There are two cases of *brahmadeya* villages compelled to pay kanikkatan just like devadanam villages. (Brahmadeya villages were those in which all the net produce was donated as shares to Brahmins). One brahmadeya, as during the rule of the Pallavas, paid no kanikkatan: the two villages were Kusavoor and Koodaloor.

1 *“நூம்பாடியான நகரிவிச் சோழ மண்டலம் குசஊர்*
*இறை கட்டின காணிக்கடன் ராஜகேசரியோடொக்கும்*
*ஆவல்லான் என்னும் மாக்காலால் அளக்கடபநெல் ஒன்பதினாயி*
*ரத்து பத்துகலன்”*
2 *“பாடியான நிகரிவிச்சோழ பாடிப்பறிவை நாட்டு தேவதான்*
*பிரமதேயம் கூடஊர்;*
*இறைக்கட்டின காணிக்கடன் ராஜகேசரியொடொக்கும் ஆடவல்*
*லானென்னும்*
*மாக்காலால் அளக்க கடவ நெல்லு பன்னீராயிரத்து இருகலன...”*

## *Burden on Vellanvagai Lands*

Vellanvagai lands paid kanikkatan either in kind or in gold. Five villages that paid in kind are listed in the decrees. All these were changed into devadanam lands, with the ownership conveyed to the temple. The inscription on the proposed change of ownership states:

> The lands in Thiruthevankudi of this Nadu which were once owned by the Kada Devar of the local temple was grabbed (by individuals in the village) and converted into vellanvagai lands to be cultivated in common. These lands shall no more be classified as vellanvagai and all the lands except those accepted as tax-free lands have been measured and found to be equal to twenty velis, three kanis, four makanis and one fourth of half ma. Two thousand and nine hundred kalams, two thonnis and one vali are fixed as kanikkatan for this village per year.[25]

It may be noted that about twenty nine velis of land were to yield a kanikkatan of 2900 kalams of paddy. This accords with the rate of 100 kalams per veli, the rate for devadanam lands. Vellanvagai ownership was abolished and kanikkatan was imposed at the same rate as for devadanam lands.

Thus we find that all devadanam, brahmdeya and vellanvagai villages were made liable to pay kanikkatan on the basis of cultivable land area which was fixed after a survey. This area was called *iraikkatine nilam.* These records indicate that such changes were made in respect of 45 villages in Cholamandalam (18 in the first decree, 16 in the second, and 11 in the third). Thus a perennial and permanent fund of revenue was endowed to the temple.

## *Funding Special Endowment*

The total expenditure incurred on the remuneration bill of the newly-appointed Thalicheri pendugal, other artistic personnel and Thevaram reciters was 54,125 kalams of paddy. But the measure regularizing the income from devadanam villages, the conversion of other types of ownership into devadanam, and the imposition of kanikkatan on brahmadeya and vellanvagai villages augmented the revenue of the temple. From available data it can be calculated that the total *iraikattina nel* (the fixed levy in paddy) for all the 45 villages mentioned in the inscriptions was 138,140 kalams. It is very clearly stated that the aim of the royal decrees was to provide income to meet the expenses of nivandams; so these appear to be special endowments to meet additional outlays occasioned by the appointment of about 700 employees for artistic performances, reciting pathiams, staging plays, writing and teaching arts to the *gandarvis, ganapadis* and *nataka makalir.*

These types of unproductive labour had to be paid for from the fruits of the productive labour of the working people in the villages. A uniform share in the produce based on the extent of cultivable land was extorted on the strength of royal decrees. Other results, which came in the wake of the decrees of Raja Raja recorded in the three inscriptions found in the Big Temple of Thanjavur, are examined below.

## *Guilds as Collectors*

Kuruvaniakkudi, Nagaram Venni nilam, Nagaram Venil Vidugupuram were all nagaram villages. The economic and political power remained with the merchant class organized in their guilds called nagarams. The merchant guilds were charged with the responsibility of collecting kanikkatan and remitting it into the temple treasury.

In these nagaram villages, the guilds must have collected taxes in cash from artisans such as *thattar pattam* (tax on goldsmiths) *thachu pattam* (tax on carpenters), *kusakkanam* (tax on potters). *tharivirai pattam* (tax on looms), *thalakkasu* (poll tax) on men and cattle and *kannala kasu* (tax on marriages),[26] But kanikkatan was collected in kind. The paddy obained must have been sold as merchandise for gold, part of which being remitted to the temple treasury.

Two brahmadeyas are menioned in the inscriptions on which kanikkatan was newly imposed. Brahmadeyas had been in existence even in the days of Pallava rule, 300 years before the reign of Raja Raja Chola. The brahmadeyas were tax-free, and all the gross produce was shared among Brahmins according to bhagas fixed by royal decrees.,[27] These Brahmins were not liable to pay kanikkatan or any other levy to the temple. According to Raja Raja's inscriptions, the brahmadeyas had to pay kanikkatan just like a devadanam village at the rate of 100 kalams of paddy per veli. Raja Raja strengthened the devadanams at the expense of brahmadeyas. The Brahmins enjoying benefits from brahmadeya had their total income curtailed because a large proportion of the produce of brahmadeya lands was diverted to the Big Temple.

## *First Charges to the Temple*

Before implementation of the changes indicated in the decrees, the rights of ownership, that is, the right to collect land rent from the tenant and kaaratchi (the right to supervise agricultural operations by the tenants for which the landlords collected an imposition) were subordinated to the supreme right of the temple to collect kanikkatan. In modern parlance, 'the first charge' on all classes of lands was the kanikkatan to the temple.

Hence, in all these 45 villages, the kanikkatan for the temple was the first charge on the produce. The rights of Brahmins, Vellalas and merchants were subordinated to the rights of the temple. The *absolute right* of the dominating classes in the village was abolished. These absolute rights of ownership now passed to the temple. The changes had an ideological impact on the peasant masses. The deity of the Thanjavur temple became the owner of land in all the 45 villages. His name, *Peru Udaiyar* means the great owner of land. The dominating classes were looked upon as agents of the deity having delegated powers. They found that their annual income had been reduced because of the changes effected by the new decrees. But they found loopholes in the decrees to protect their class interests. The decree had not fixed the rates of kaaratchi or meeyatchi to be paid by the cultivating tenants to the Brahmins, Vellalas, sabhas, and nagarams. Making use of this deliberate omission they enhanced the kaaratchi and meeyatchi (the share of the landlord in the produce of the land). *Thus the peasantry had to bear the burden of the wasteful expenditure in the temples.* Protests and revolts against the enhancement of kaaratchi and meeyatchi and various other exactions occurred in Cholamandalam. Many temple inscriptions refer to such protests and revolts.[28]

## *Ideological Offensive: Violent Suppression*

These revolts were suppressed by an ideological offensive and by violent methods. But all that does not concern us in this enquiry. As all the land belonged to God, the peasants were taught by religious preachers that they were working for Siva. If they suffered material discomforts owing to deterioration of economic conditions, they were consoled by the promise of Kailas in the next birth—because in this birth they were suffering for the glory of Siva. They were exhorted to work in the fields and to expect no reward but Siva's grace. Any one who protested or grumbled about his bad economic condition was *Sivadrohi* (traitor to Siva) and drew upon himself the punishment of God and the emperor. The God could throw him into hell, in any case the emperor did throw him into prison. There was a flood of propaganda of religious piety disseminated by Brahmins and Saivite monasteries.

The structure of society contained several aspects of contradictions.

Temple × Feudal landlords
Temple × Working peasantry
Temple × Merchant artisans
Feudal classes × Working people
Feudal classes × Merchant class and peasantry
Merchant classes × Artisans and peasants.

*But the main contradiction was between the working peasants and the temple representing the institutionalized religious feudal organs.* Now and then contradictions arose between the temple and the Brahmins; the temple and the feudal elements; but the fundamental contradiction remained. To smother all contradictions the masses were fed with the fragrant and sweet religious propaganda of *bhakti* and love to God's devotees, as shown in *Periapuranam* of Chekkizhar.

[1] R Nagasamy (Ed.), *Collected Inscriptions of the Thanjavur Temple* (Tamil), (CITT) Department of Archaology, Mandavalli, Madras, p 18.

[2] *Ibid.*, pp 54-58.

[3] *Ibid.*, Adding up the number of employees mentioned in all the inscriptions.

[4] *Ibid.*, pp 89-90.

[5] *Ibid.*, p 18.

[6] *Ibid.*, p 54.

[7] *Ibid.*, pp 54-88.

[8] Adding up the number of houses listed and counting the names of *Thalicheri pendugal* named in the *Collected Inscriptions of the Thanjavur Temple*, pp 54–88.

[9] *Ibid.*, p 95, lines 3-4.

[10] *Ibid.*, pp 97-98, lines 21-22.

[11] The information is culled from CITT, p 54-88.

[12] *Ibid.*, pp 100-101

[13] *Ibid.*, pp 129, 130, 131.

[14] *Ibid.*

[15] *Ibid.*, p 130

[16] *Ibid.*

[17] *Ibid.*

[18] *Ibid.*

[19], [20], [21] The tables were constructed from data from inscriptions in the Chapter "Villages Donated to the Temple by Raja Raja".

[22] *Ibid.*, p 131, lines 6-9.

[23] *Ibid.*, pp 150, lines 20-31 and 151.

[24] *Ibid.*, p 157, lines 2-10.

[25] *Ibid.*, p 142, lines 13-20.

[26] Mentioned in "Temple Inscriptions" (Tamil); also in Saw. Ganesan, "An Explanatory Note on the Thanjavur Peruvudaiyar Temple".

[27] P Sri Acharya (Ed.) *Pallava Copper Plates* (Tamil), first two inscriptions on brahmadeya grants, Academy of History, Madras.

[28] See M D Rajukumar, "Struggles for Rights during Later Chola Period," *Social Scientist 18-19*, January-February 1974.

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# Reports

## *Portrait of Tribal Life in Irula Folklore*

*R Perialwar*

THE folklore is a vital factor in a living culture and it very often throws light on the complex traditions and social beliefs of a people. Sociologists consider it as a reliable index to the background of groups and communities. As Roy Chaudury puts it:

> The folk tales through phantasies, make-beliefs and complacent understanding help the primitive man to satisfy his curiosity about the mysteries of the world and particularly the very many inexplicable phenomena of nature around him. We have an element of primitiveness in our mind in spite of the advancement of science around us.[1]

Irulas belong to one of the aboriginal tribes sporadically settled in various districts of Tamil Nadu. They are also living in the adjoining states of Kerala and Karnataka, but their kindred is unknown. The present study is confined to the Irulas inhabiting the lower jungle slopes of Nilgiri hills of the Western Ghats, who differ from Irulas elsewhere in their socio-economic and cultural background. The Nilgiri Irulas are called *Malana:ḍu Irulas* or *Malade:sa Irulas.* The eastern and southern slopes of the Nilgiris are their native territory. The present Malana:du Irula population is roughly about 4500. Most of them are plantation labourers. They have some land on which they cultivate fruits and millets or cereals. They are used to collecting wild roots for their food. In olden days honey-collecting, hunting and primitive agriculture were their occupations. While a majority of them are illiterate they know Tamil and Badaga (language of another Nilgiri tribe) and speak Irula only among themselves. They are generally reluctant to speak their language before non-Irulas. Their hobbies are music, vocal and instrumental, dance and folk tales. A study of the folklore reveals interesting aspects of their social set up, group consciousness, social realities and myths. Besides songs, music and dance, the Irula tradition is rich in stories, proverbs and riddles.

## *Folk Songs*

Irulas have an amazing repertoire of folk songs. However, the melody scene shows external cultural influences: the younger generation imitate Tamil cinema songs, while the older Irulas tend to come out in Badaga songs when requested to sing.

The folk songs consist of five types of ballads. They are *tene pa:ttu* or *ca:meyokka pa:ttu* (millet songs) *pe:pa:ttu* (deity songs), love ballads, dirges and a medley of other tunes. These ballads show their way of life, are full of imagery, metaphors and similes.

Since the early days the tribe cultivated millets like tene *(Setaria italicum)* and ca:me *(Panicum miliare)*. These two millets have been the basis of their economy and continue to be so without any major change. The millet songs are sung at the times of sowing, weeding and harvest.

## *Songs about Deity and Nature*

While they offer special worship to their deity the Irulas sing a particular kind of song called *pe:pa:ttu.* Eight Irula clans consisting of thirty sub-clans have a deity each. The temples are situated in the deep jungles. The highlights of the festival which lasts for two days are a community feast, stringent austerity for the priests for eight days, and sacrifice of two black goats to propitiate the deity. A good number of Irulas who get 'possessed' either through their concentration or by external stimulii such as drum-beating or flute-playing, break out into dance. The hymns they sing on this occasion are called *pe:pa:ttu* (deity song). These fall into two types: one is about deities and the other about nature. One of the popular songs on God is given below:

ḍakke ke:ru ca:vaḍiyo:[2] gunjima:da
ca:vaḍi cingara pa:kkamo: gunjima:da
elle ke:ru ca:vaḍiyo: gunjima:da
ca:vaḍi cingara pa:kkamo:gunjima:da
kaḷḷike:ru ca:vaḍiyo gunjima:da
ca:vaḍi cingara pa:kkamo: gunjima:da
maṇṇu ke:ru ca:vaḍiyo: gunjima:da
cavaḍi cingara pa:kkamo: gunjima:da
cuḷḷike:ru ca:vaḍiyo gunjima:da
cavaḍi cingara pa:kkamo: gunjima:da
[Let us go to the pond sorrounded by the Arecanut tree, oh!
gunjima:da,
And see the splendour of divine ka:vaḍi, in the name of
gunjima:da
To the ka:vaḍi, from the border of the village, oh! gunjima:da,
And see the splendour of the divine ka:vaḍi, in the name of
gunjima:da
The divine ka:vaḍi from the prickly pear pond, oh! gunjima:da,
And see the splendour of divine ka:vaḍi, in the name of
gunjima:da,

The ka:vaḍi from the pond of mud, oh! gunjima:da
And see the splendour of divine ka:vadi, oh! gunjuma:da
The divine ka:vadi from the firewood, oh! gunjima:da
And see the splendour of the divine ka:vaḍi oh! gunjima:da.]

The Irulas have certain songs on nature as well. These are popular and are usually sung by women on both festive occasions and in joyous moods and are invariably about the trees, herbs, shrubs and flowers all around them. These songs are sometimes set in the forms of addresses by an elder sister to her younger sister. Anyone can note the unmistakable stamp of deep understanding, love and affection and the sense of oneness between the sisters

## *Love Songs*

Most of the popular songs of the Irulas are centred on love. These songs give insights into private lives and sexual relationships. The chief among them are: 1. songs sung by a younger brother and addressed to the elder brother's wife; 2. her reply to such songs; 3. songs sung by younger brother's wife and addressed to the elder brother; 4. his reply to her songs and 5. the traditional types of romantic songs sung by lovers. One interesting aspect is the occurrence of both Badaga and Irula languages in songs about the relationship involving a Badaga youth and an Irula girl. The liaision between the Badaga youth and Irula girl very often ends in a fiasco. The Badaga youth deserts his Irula companion after a while. The better-off Badaga community thus exploits the women of the weaker Irula community. There are many songs that say how Irula girls have been cheated by the young men of the Badaga tribe. A song that belongs to the first category is given below:

iṭṭi dore carakkoḷe lattige
ma:ttu maruḷudo lattige
na:ḍumu nammadulo lattige
gira:mamu nammadulo lattige
iṭṭidore carakku ma:ttu maruḷutulo lattige?

[Oh isn't from Itti's distillery oh dear lattige?
Do you also get the kick out of it oh dear?
Isn't this country ours?
Isn't this village ours?
Are we not intoxicated thanks to the liquor of Ittidore?]

This song expresses the lovers' sentiments for each other. Inspired by liquor prepared by a European called Itti who had a flourishing business in illict distilling among Nilgiri people, the lovers are in an elated mood. They imagine that the entire village, nay the entire country, is theirs: "the monarchs of all they survey". Just as many of the folk songs proclaim the innermost feelings, these also reflect the social life of the Irulas.

madure kere ni:ro: malla ba:va
payppu vettu tirukkuko: malla ba:va
kariyaṇḍi cakke ka:yi puḷḷe ma:di vaḷa:ḍuko: malla ba:va

a:ṇu puḷḷe puṭṭina lacuma eṇḍu iḍuko malla ba:va
pe:ṇu puḷḷe puṭṭina lacumi endu iḍuko malla ba:va

[The water, the water from the Madurai river on dear ba:va, [8]
And shall we install a tap and turn it oh dear ba:va?
Shall we play on the banks with a toy child made of black jack fruit oh dear ba:va?
If it is a male child shall we give him the name of Lakshman,
Or Lakshmi to a female child, oh dear ba:va?]

This song which is set in the form of an address by the younger sister-in-law to her elder brother-in-law shows a sexual relationship not frowned upon by the Irulas. The reference to the black jack fruit is perhaps symbolic, a symbol of excessive sexual affinity. It can also mean that there is no fear or inhibition of sex, or that the lady is expecting a child. She tells her lover that in the event of their getting a male child they will call him Lakshman, after the warrior and faithful brother of Lord Rama according to Hindu mythology. If the child happens to be a girl, they will call her Lakshmi, the Goddess of wealth and prosperity. The names of Lakshman and Lakshmi are popular among Irulas. The reference to the pipewater tap indicates that this song must be of more recent origin.

Popular love songs have a variety of themes. Most of these bring out not only facts of social life but also an acquaintance with places and things. In one song, the girl asks her lover to take her to Mettupalayam and Cuddalore. He should get her good saris, blouses, coconut, betel and betelnut from there. This gives an idea of the outside world within the range of their knowledge.

Some of the songs show the woman's desire to give names like Raman and Rami to their children. There are also references to the intention to take the children, when they are born, to the Rengasami temple and to offer their hair to the deity for divine blessings.

## *Dirges*

Laments sung at deaths and funerals are usually lengthy, conveying beliefs in sorcery and black magic. When somebody dies, Irulas cannot resist believing that the death was caused by black magic.

Ko:likere u:rikke po:na:kki nana tange
tinga ma:ṭṭa:da cakke pamme koḍakoḷo nana tange
gu:ḍalu:ru po:na:kki nana tange
niya mo:ndane pa:tta:kki nana tange
kaṇṇa:ḍi pa:kka mo:ndeyela nana tange
Ko:likere a:cupattiriyela nana tange
ta:ratta marundella tandoro nana tange
appu ku:ḍa cangaṭṭa kilinu a:vade po:cuto nana tange
Pilli ma:ḍina vara: vadu nana tange
nalla canne peḷekkaro nana tange
me:lu meddeta: keṭṭi pelakkaro nana tange
innuta: nana tange ku:rene a:ru te:ḍi varagaro nana tange

oṭṭukka porandade ka:lima:duveṇḍu ma:ḍiṭṭaro nana tange
[Oh my dear sister, oh my dear, who used to bring
Jack fruit in abundance whenever she went to Kolikkarai
Who will purchase the things from Cuddalore ?
Now thou art gone my sister, oh my dear sister, oh my dear sister
Thy face that has the glossiness of a mirror
Is pale now oh my dear sister, oh my dear sister
You got the best medicine from Kolikkarai hospital
Even then you did not get cure
I swear, I swear! those villains who practised black magic on my sister
Will not have peace of mind and happiness
Who will come to my house hereafter ?
Oh! now my sister has gone.
Oh world, I have lost my dear sister
My dear sister, oh my dear sister.]

This dirge shows that the mourner is the elder sister of the deceased. She enumerates the good qualities of the deceased. Even the best medicine available in the Kolikkarai hospital could not keep her alive. She suspects that the sister died because of sorcery and black magic practised on her. This dirge also shows the Irulas' awareness of the medical facilities available in the tribal welfare hospital at Kolikkarai.

## *Songs for Other Occasions*

The songs which the Irulas sing on different occasions such as betrothal, marriage and other social functions may be grouped as miscellaneous. There are songs sung by the daughter-in-law to the mother in-law. Good lullabies also form part of the folk songs.

The following song says how a widowed mother is anxious to protect her only son from the evil effects of sorcery which her enemies might practice on him.

Ka:de kurivi varuguto leliyamma leli
manuca ve:ca:yi varga:ro leliyamma leli
te:kka coruga:yi varaga:ro leliyamma leli
ko:yi ve:ca:yi varaga:ro leliyamma leli
na:yi ve:ca:yi varga:ro leliyamma leli
ka:ḍu bo:kka:yi varga:ro leliyamma leli
nari ve:ca:yi varga:ro leliyamma leli
namukku irukkadu orupode leliyamma leli
nanne vereṭṭa va:ṇiri leliyamma leli
nana:le cattu mu:ṇḍu me:ca agude leliyamma lili
po:ge eṇḍa:kki po:yiviḍiyo leliyamma leli
[Will it come in the guise of Rainquail, oh leliyamma leli,
Or in the guise of a man, oh leliyamma leli,
Or in the withered leaves of teak, oh leliyamma leli,
Or in the shape of fowl, oh leliyamma leli,
Or in the guise of dog, oh leliyamma leli,

Or in the guise of wild cat, oh leliyamma leli,
Or in the guise of fox, oh leliyamma leli,
Oh I have a son and no more, oh leliyamma leli,
Oh don't test me, no more, oh leliyamma leli,
My husband who was the flesh of my flesh and blood of my blood
Left me three months ago, oh leliyamma leli,
I have only this child and nobody oh leliyamma leli,
Why not you go away, oh, leliyamma, when I ask you to go away]

The Irulas are afraid of Kurumbas. The Kurumbas are believed to be the group of tribes which practice black magic and sorcery. The Irulas believe that evil spirits appear in the form of fowl, dog, wild cat or fox, withered teak leaves and drink the blood of the living.

### *Musical Instruments*

Irulas are good musicians, displaying skills both in vocal and instrumental music. Instrumental music is one of their chief hobbies and is indispensable at weddings, funeral rites and social festivals. The musical instruments are of six types: *bugiri, kva:la, na:gacura, kaḍime, pore* and *tambaṭṭe.* The *bugiri* is a wind instrument made of bamboo stick 50 cms to 60 cms long with six holes. The *kva:lu* is another flute (a kind of clarinet) made either of bamboo or bamboo with wood and metal. This flute is the main instrument played on the occasions of marriage, burial and festivals. The *na:gacura* resembles the snake charmer's wind pipe. *Kaḍime, pore* and *tambaṭṭe* are drums. All these musical instruments are made of indigenous materials.

### *Folk Dances*

Irulas perform group dancing on festival days and as a part of the marriage, funeral, and puberty rites. They do not usually sing while dancing, but do the dance to the tune played on drums and pipes. Men, women and children stand in separate concentric circles around those who play the instruments. Men raise their hands and wave them before their faces in a cross-wise manner. This is followed by straight vigorous and repeated movements. The women do their part by raising their hands to shoulder level with open palms, moving them from side to side rhythmically and rotating the wrists. The children follow the movements of the women. While making these gestures they move about in circles adjusting their steps to the drum-beat rhythm. The pipers play different tunes to suit the occasion. Funeral dances which are performed at night are especially thrilling to a newcomer. A popular type of Irula dance is called *arakkole a:tta.*

### *Folk Tales*

Folklore travels across language boundaries but it always represents the cultural background of the particular community. Tales, songs and myths are transmitted to posterity. The Irulas have a stock of folk tales which reflect the tribe's socio-religious and family life. Some of the tales show the tensions of love and hate on the domestic front.

The father-in-law who schemes to seduce his daughter-in-law, wantonly asks the son to do impossible things and finally kills him is the chief character of an oft-repeated tale. The familiar theme of ill-treatment of children of the first wife by the sister of the husband and the man's helplessness is also common in many tales. The tragic story of the two brothers one of whom was decapitated by the other is known practically to most of the Irulas. Enamoured of the husband's younger brother, the woman lures him to have sexual relations with her. Deeply attached to his elder brother, he can look upon his sister-in-law only with respect; he rejects her advances. The woman is revengeful, and makes it appear that someone tried to seduce her. On the husband's arrival, she tells him that his own brother was the culprit. In a fit of sudden fury, the husband cuts off his brother's head. The fallen head sings a song which proclaims the innocence of the boy and the villainy of the woman. A fire breaks out and the roaring flames engulf the wicked and untruthful woman.

The Irulas believe that supernatural powers dominate their earthly lives. Their faith in witchcraft, ghosts, sorcery and black magic expresses fear and superstition. Ghost stories abound in the folklore. There are funny stories, too, in the form of dialogues of animals and birds like the one between a crab and an owl.

A third category of tales centres round imitative and imaginative aspects of their life. As in any society, the Irulas have stories about the adventures of kings, queens, princes and their retinue. There are also plenty of stories of snakes and serpents.

## *Proverbs and Riddles*

There is a rich store-house of proverbs which embody the wisdom of the past. A large number of proverbs relate to sex-life and morals.

Irula riddles are many and varied. Stylistically the riddle is frequently related to folk poetry. In Irula riddles, one comes across poetic and non poetic devices such as rhyme, rhythm, alliteration, personification, symbol and metaphor. A minor function of the riddle which is fully recognized by Irulas is the provision of social communication between visiting elders and the children of the family.

This study of the folklore of the Irulas brings out quite a few characteristics of the tribe. They are a carefree people who seem to have little anxiety for the morrow or regrets over the yesterdays. They have faith in God, fear of the supernatural and harbour their own superstitious ideas. They believe in sorcery, witchcraft and black magic. In addition to the fear of the supernatural spirits, they fear Kurumbas, members of a fellow-tribe. Their folklore discloses its own code of morality and sex. Many of the folk songs speak of the sexual exploitation which the socially better-off groups impose on the women of this poor and weak tribe.

*(The author is grateful to P Kothandaraman, N Radhakrishnan and*

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[1] K A Seethalakshmi, *Folk Tales of Tamilnadu,* 1969, p 8.

[2] Irulas use *ca:vadi* during a particular festival. It is a decorated pole of wood with an arch over it carried on shoulders with offerings mostly for Muruka's temple commonly in a parade.

[3] *Ba:va* means son of maternal uncle, uncle's son or elder brother of husband.

# *Forest Development or Adivasi Oppression in Maharashtra?*

*Sharad Patil*

Nearly three quarters of the rural inhabitants of Maharashtra state are agricultural labourers and poor peasants. To be more exact, there are 54.3 lakhs of agricultural labourers constituting 27 per cent of the state's total population. Tribal people who number 29.5 lakhs form the bulk of this class. The tribals though not grouped as untouchables, are by far the most oppressed. The overwhelming majority of them are extremely backward and unorganized. The estimate of per capita average monthly expenditure of the Adivasis at Rs. 8.50 [1] is only one fourth of the minimum required for a bare subsistence.[2] This is an index of dire poverty, which goes with the highest illiteracy rate in the country.

Most of the Adivasis still live within or very close to the forests. Their whole life (excepting for a few well to-do among them) can be described in one word—*vana-vasa* (banishment to the forest). The characteristic that is common to tribals all over the world is the absence of the accumulating tendency. It is money that enabled the non-tribals (Sahus) to become acquisitive usurers. The coming together of the non-accumulating Adivasis and the accumulating Sahus was bound to result in the inevitable: all the Adivasis, who fell into the clutches of Sahu usurers, before the enactment of the 'New Tenure of Land' by the British at the turn of the century, became the agricultural labourers.

The rest of the Adivasis became the *asamis,* the rack-rented, debt-ridden and pauperized peasantry of the Sahu usurers. Bribing the revenue bureaucracy liberally, the Sahu (and the few newly-arisen Adivasi) money-lenders set the land tenure act at nought and manoeuvred the alienation of Adivasis from their lands on a massive scale. There are 9500 cases of land alienation in one district—Dhulia—out of which not less than half pertain to the Adivasis. The transformation of Adivasis, like the Sahu poor, into rural proletarians through usurious exploitation, and then the 'primitive accumulation' through exploitation of these bound (engaged on yearly or monthly terms) and day labourers by the semi-feudal and semi-capitalist landlords and the rich peasants, constitute the inexorable march of the primary development of capitalism in the countryside. The Census of 1951 tells us that the proportion of agricultural labourers in the Adivasi talukas of Dhulia district was as follows: 1.17 per cent in Akrani, 5.86 in Akkalkuwa, 18.13 in Nawapur, 25.61 in Nandurbar, 28.13 in Taloda and 33.5 in Shahada. The extent to which this march must have progressed during the far more momentous period of 1951-74 can be easily visualized.

## *Victims of Dam Projects*

Agriculture in Adivasi areas is still extremely backward. The 'green revolution' has produced comparatively few rich peasants and semi-capitalist landlords among the tribes. The reason underlying this retarded development is the tenacious hold of the Sahu usurer-merchants and semi-capitalist landlords. It is solely as helpless victims that the Adivasis come in contact with the various projects of irrigation. All these projects being located in mountainous areas, it is they who are uprooted and dispersed. Ten thousand families in the talukas of Nawapur, Nandurbar, Akkalkuwa, Taloda and Shahada were displaced by the Ukai Project alone. As the compensation given is usually in the form of cash and not alternative lands, the displaced Adivasis go to swell the army of agricultural and other unskilled labourers.

Due to the extremely backward agriculture and inhuman exploitation, Adivasi agricultural labourers and poor peasants get employment only for the duration of the agricultural season and that also on the most meagre wages. Each year at the end of the agricultural season the bulk of the rural proletariat abandons its hearth and home and migrates to Gujarat. Those who stay back subsist on selling head-loads of firewood and grass, securing irregular employment, and making illicit earnings on liquor and prostitution. Even these fail to quench the pangs of hunger. And then, right up to the ripening of corn in their garden plots or in the fields of Sahus they have recourse to wild roots and grains, the flowers of Mahawa, even leaves—back to the life of primitive foodgatherers! A few years ago the Gandhi Smarak Samiti conducted a sample survey of families belonging to Bhil, Warli, Thakur and Tadvi tribes of western Maharashtra. The Samiti found that during the lean months of the year more than three quarters of these families subsist on wild roots, while more than half are able to secure only one meal a day.

## *The 'Encroachers'*

This inhuman life has taught the landless Adivasis and Sahus that it is only land that would enable them to live like human beings. The mass struggles for wasteland waged by the Adivasi Sewa Sangh and the Republican Party during the last two decades testify to this fact. Thus life itself impels landless Adivasis to cultivate forest wasteland. But the initial impulse to this 'encroachment' comes from the officials of the Forest Department who wish to supplement their monthly salaries from the cash nexus of Congress leaders and with more land, goading the rich among the Adivasis themselves.

According to the Collector of Dhulia district, 'organized encroachment' has taken place on 10,800 acres of forest land in Sakri and Nawapur talukas. The Maharashtra Minister for Forestry alleged that 70,000 acres of forest lands in the districts of Dhulia, Nasik and Jalgaon were encroached upon. According to another government declaration, 1,10,000 acres of forest lands have been encroached upon in the districts of Dhulia, Nasik, Jalgaon, Chandrapur, and so on. This would mean that not less than one lakh and a quarter landless Adivasis and Sahus live by cultivating forest wastelands.

Twenty per cent of the Adivasis in Maharashtra live in Dhulia district. Out of a total population of 16,62,281, in the district, Adivasis number 6,15,801. With the biggest Adivasi population it has come to be called the 'Bhilati' of Maharashtra (the main scheduled tribes of the district being Bhil, Konkani, Pavra and Mavchi). It is due to this that here the struggle for forest wasteland has assumed an explosive character as in Thana district. The struggle against wage slavery and alienation of lands waged by the agricultural proletariat of the Shahada area against the parasitic, semi-capitalist landlord class is well known throughout the country.

The Government of Maharashtra was forced to cut down standing forests over an area of 40,000 acres and distribute the land to the landless Adivasis of Thana district, by the struggle for forest wasteland waged by them during the years 1969-71. The Home Minister, during his tour of Dhulia district in June 1974, admitted that thirteen to fifteen thousand acres of forest land in Shahada and Taloda talukas could be distributed to the landless Adivasis.

## *Deforestation for Private Profit*

The State Minister for Forestry contends that against the basic minimum of 33 per cent, barely 18 per cent of the state's land area is under forest. Government statistics show that the total area under forest and uncultivable land together adds up to 79 lakh hectares, that is, 25.64 per cent of the total surface area.

However, the policy of the Maharashtra government is development of forests only in words, but continual destruction of them in deeds. The wilds of the Kathi state in the Satpura ranges (now a part of Akkalkuwa taluka) ranked next only to that of the Dangs. The forest contractor and the then District Congress President (now Member of Parliament) and the Forest Department ganged up to denude this forest, leaving the Satpuras bald and bare. Congressmen and their families got away with sizable chunks of land here and in the Devmogra forest before and after felling the trees. The Raymond Wollen Mills of Thana was presented with 10,000 acres of Laling forest land, a few miles away from Dhulia, for breeding Australian sheep. The alarming result of these land grants is the disappearance of whole forests, virgin and partly cultivated.

With the establishment of the rule of Indian capitalists and landlords in 1947, the forest contractors, either on their own or through co-operative forest labour societies, have been wantonly engaged in cutting down forests in a destructive manner, and the reckless destruction still continues apace.

One of the richest forests in the country, the Dangs, flourishes predominantly on mountainous and uncultivable soil, proving that forest development does not depend on cultivable land. If the Maharashtra government is sincere enough to take up afforestation of the vast denuded mountainous and uncultivable tracts of the state, it can be the beginning of a tremendous scheme of forest development. Lakhs of rupees are spent every year by the government on planting forest trees, but these wither away due to the lack of will and the paucity of the personnel to nourish them. The real encroachers are the Forest Department and the forest contractors. It is on behalf of these vested interests that the Maharashtra government is following a policy of semi-fascist oppression of the Adivasis under the pretext of developing forests. There are political undertones too. Afraid of losing the whole of the Adivasi belt to the rapidly increasing influence of the Communist Party of India (Marxist) and the Shramik Sanghatana, the, local Congressmen have been persistently urging the Forestry Minister to crush the recalcitrant encroachers and agricultural labourers. That is why the government has decided to suppress the cultivators of forest wastelands in the whole of Maharashtra.

## *Marching against Police Terror*

The Maharashtra Minister of Home Affairs started his tour of Shahada-Taloda area on June 5, 1974 on a mission of peace and brotherly love between the landlords and the agricultural labourers. On that very day, 400 'jawans' of his Special Reserve Police struck camp at Visarwadi and started an undeclared war against the Adivasi cultivators of forest wastelands of Nawapur taluka. A wave of terror involving indiscriminate beatings of men and women, old and young, and shameless looting and rape spread from Nawapur taluka to Sakri. In protest against these outrages and the repression unleashed by the landlords on the movement of agricultural labourers in Shahada-Taloda area, the District Sangharsha Samiti organized a march of 6000 rural and urban toilers of the district and led it on the Collectorate on June 24, 1974. A thousand demonstrators from the Sakri-Nawapur area and 1500 demonstrators from the Shahada-Taloda area came on foot to join the march. Apart from the common demands of the workers and peasants the memorandum submitted to the Collector made the following pressing demands: withdraw the SRP, punish the perpetrators of atrocities, withdraw the politically-motivated cases, regularize the forest wastelands brought under cultivation by the landless Adivasis and Sahus and allow them to till the lands for the current year.

A fortnight passed since these demonstrations were held, when the forest cultivators of Pankheda in Sakri taluka were attacked by a posse of SRP and forest guards who went to Vanjarkudi to uproot the Nagli seeding plots. The SRP and forest guards of the area and the armed constabulary from Dhulia were massed at Pimpalner (3 miles from Pankheda) and waves of attacks were launched daily from July 11 on the villages of Vanjarkudi, Chinchpada, Vaki, Kalikhet and Bodhra. The villagers took refuge in the forest and stayed there in pouring rain. The villages became deserted and lifeless.

### *Satyagraha Struggle for Land*

It is in this background that the five leaders of the Maharashtra State Sangharsha Samiti, S Y Kolhatkar (Communist Party of India Marxist), Pannalal Surarana (Socialist Party), N D Patil M L A (Peasants and Workers Party) Datta Deshmukh (Red Flag Party) and S N Bhalerao (Right Communist Party), toured the areas from July 17 to 20. Addressing the big public meeting of the forest cultivators of the taluka at Sakri the leaders assured them of the support of the common people of Maharashtra. On July 18, a batch of 326 (104 of them women) landless Adivasis and Sahus led by Dongar Bagul and Funabai Thakre offered satyagraha before the Sakri tehsil Office by breaking Section 144. They were sentenced to 15 days' rigorous imprisonment.

A batch of 134 (45 women) landless Adivasis led by Ramsingh Gavit, Najubai Gavit and Savitribai Vasave offered satyagraha before the Nawapur tehsil office on July 19. They were sentenced to 20 days, R. I. Led by the Shramik Sanghatana, 1599 men and 285 women participated in the satyagrahas in Shahada, Taloda and Nandurbar talukas on July 20 and 21. In all 2344 (434 women) landless Adivasis and Sahus took part in this unprecedented civil disobedience movement, out of which 957 satyagrahis (282 women) underwent sentences ranging from 15 days, to 1 month's R I.

### *Against the Biggest and Worst Landlord*

Twentyeight per cent of the cultivated land is owned by 5.5 per cent of the landholders of Maharashtra. These are the private landlords. But the biggest landlord of all, the Maharashtra government, owns 79 lakh hectares of forest and uncultivable land plus 45 lakh hectares of cultivable land, the grand total being 124 lakh hectares (310 lakh acres). According to the estimate made by S M Joshi after careful on-the-spot investigations, the land lost by the Adivasis to the Sahus in Shahada taluka alone must be not less than 10,000 acres. The government is reluctant to take over this land inspite of its recent ordinance (No. 13 of 1974) followed by statutory legislation, while it is bent on removing the 'encroachment' over 10,800 acres of forest wasteland!

The subjection of protected or unprotected tenants to their private landlords is limited to the payment of land rent. But the tenants of the landlord government are virtually the serfs of the Forest Department. The seizure of bullocks and agricultural implements at the time of cultivation , *phala* (propitiation money) at sowing, *ira* (share of the Forest Department in the crop) at harvest, *pan-phul* (lump sum cash bribe) from the whole village, the inevitable *panchnama* (brokerage of the tout), *chirimiri* (bribe for securing convenient date or for award of lighter sentence and other favours) to clerks of the court, payment of fine or imprisonment every year, *veth-bigar* (unpaid and forced labour), satiation of the Sahibs with meat and wine: these are the additional burdens of the unorganized, landless forest cultivators.

## *Vanguard of Agrarian Revolution*

The organized landless forest cultivators of Sakri and Nawapur talukas have been tilling the wastelands for a number of years with the intention of becoming the rightful owners. They had just about overcome the age-old starvation and mitigated the agonies of poverty. Their purchasing power also had increased proportionately. But due to the rocketing rise in prices of the last few years, the landless agricultural labourers and poor peasants (48.5 per cent of the total landholders in Maharashtra) are able to purchase less and less of manufactured goods. These toilers engaged in agriculture constitute 64.1 per cent of the total working force. Their impoverishment has an impact on the entire economy of the state.

The way out of this agrarian crisis lies in abolition of private and state landlordism, distribution of all the wastelands belonging to the Forest and Revenue Departments to the landless, confiscation without compensation of all the lands of the parasitic landlord class and all the surplus lands of rich peasants and their distribution gratis to agricultural labourers and poor peasants. The struggles of the landless agricultural labourers and poor peasants, may they be against private or state landlordism or against wage slavery, are the struggles for the revolution in land relations that clears the way for radical social and economic transformation. The most backward landless Adivasis of Maharashtra form a vanguard regiment of the agrarian revolution.

[1] "The Character, Range and Intensity of the Famine in Sakri Taluka, 1972-73", a sample survey by the staff of the Arts and Commerce College, Sakri, Dhulia district.

[2] V Dandekar and N Rath, in *Poverty in India,* assume Rs 15 as the minimum monthly per capita expenditure on subsistence level at 1960-61 prices. The Sakri survey puts the figure in 1972-73 at Rs 33 on a 221 per cent price rise since 1960-61.

## COMMUNICATION

# *Marxism and Christianity*

THE essential point that Mathew Kurian makes in his article, "Marxism and Christianity" *(Social Scientist 20,* March 1974), is the necessity for a dialogue and joint action between Marxists and Christians on issues relating to man and society. It is stated that

> having made an honest reiteration of philosophical positions, I must hasten to assert the great potential and indeed the utter necessity of Marxist-Christian dialogue *and joint action* on a large number of issues relating to man and society. And I strongly feel that the basis of dialogue and joint action has to be an honest endeavour to work out areas of common concern and action in concrete living conditions.[1]

What does this "honest reiteration of philosophical positions" amount to? Kurian does not deny that "conflicts between religious and revolutionary ideologies have a long history".[2] He then goes on to state, amply quoting Marx and Engels, the Marxist philosophical position *vis a vis* Christianity. He warns us that "there are apparent similarities between Marxism and Christianity which led many theologians as well as some philosophers using Marxist 'schema' to draw conclusions".[3] What then are the correct conclusions?

> It must be stated, at the very outset, that Marxist understanding of history has nothing in common with the metaphysical and idealistic conception of history. Marxism rejects the assertion regarding Divine Providence. Marxist world outlook is based on dialectical and historical materialism...
>
> Marxism rejects the theological affirmation of Christianity. Marxist materialist philosophy negates the idealistic philosophical position that reality consists essentially of incorporeal essences or ideas. Marxism, as a philosophy of dialectical and historical materialism, rejects all religious systems, including Christianity, based on ideas of 'divine providence' and 'transcendental reality'. In this respect, it is clear that Marxism and Christianity cannot be reconciled with each other in terms of philosophy (or theology) or world outlook.[4]

Having stated the 'philosophical position', Kurian turns his attention to the lessons from Indian Church history. He brings out the collaborative character of the Church hierarchies during the imperialist period and the support they have been giving to the ruling class after independence. At the same time he refers to the positive features of Church activities like spreading medical and educational facilities.[5]

So far, so good. But a careful reading reveals certain attempts at revising and even distorting Marxism-Leninism. One also comes across certain inconsistencies in logic. Moving from the philosophical position to the lessons of Indian Church history, and then on to the present-day Christian world, we find this remark: "The characterization of religion as the 'opium of the people'—which Marx made in his day—is still broadly valid. This observation by Marx can be rewritten by the Christians only, by their own practice as authentic participants in the revolution in the days to come".[6]

## *Religion as Marx Sees It*

One begins to wonder whether Kurian has understood the Marxist philosophical position on religion. First of all, he seems to grant only a *broad* validity to Marx's characterization of religion as the opium of the people. Secondly, this broadly valid characterization can be rewritten by Christians, by becoming "authentic participants in the revolution in the days to come". "Religion is the opium of the people" is one of the best known sentences from Marx. He characterizes religion as an opiate to help oppressed humanity to escape from the frightening reality of an alienated existence: "Religion is the sigh of the oppressed creature, the heart of a heartless world, just as it is the spirit of a spiritless situation."[7]

This is Marx in his formative period. What is sometimes termed as the mature Marx does not depart from this position substantially. He only develops and furthers his understanding of the "spiritless situation" with his critical insights into political economy as expressed in *Capital.* This development is true to the logic of accepting historical and dialectical materialism as a framework of analysis. Likewise the concept of alienation, too, has to be developed and understood on the basis of political economy. This was done in the famous section on the "Fetishism of Commodities" in *Capital.*[8] Therefore approaching the "opium" characterization of religion on the basis of Marx's mature writings, the "spiritless situation" refers to all class societies where the human being is alienated. In such a situation, or class society, religion provides the spirit. This spirit is, so to say, *ersatz;* hence the derisive term opium. The more the alienation, or the more spiritless the situation the more necessary becomes religion, spirit, or opium for the alienated. And historically the worst form of alienation is under capitalistic relations of production. Thus as society moves away from feudalism into capitalism, alienation increases and religion becomes more and more the opiate of the masses.

Of course, Marx did not consider the effects of this opiate as powerful. It cannot be, since the dialectical process is also operating. But to wait for the dialectical leaps of history, doing nothing, believing in its historic inevitability, would be an un-Marxian position.

## *A Revised Version?*

Whereas Mathew Kurian grants Marx's characterization only a borad validity, I believe that it is, simply put, valid for all class societies, and that only with the disappearance of class societies will religion ultimately lose ground, having no purpose to serve and no function to perform. But this is necessarily a slower process since religion being a part of the superstructure will tend to persist for sometime even after a change in the base. Hence the utter necessity of cultural revolutions in a socialist society. Therefore when Kurian gives only a *broad* validity to this important characterization of Marx, he is not honest to its philosophical implications.

Having seen that Marx's characterization is valid for all class societies, the question arises: Can Christians "by their own practice as authentic participants in the revolution in the days to come" rewrite this characterization? According to Kurian, Christians by virtue of being revolutionaries can make religion a non-opiate. This is wrong; because the reason why Marx characterizes religion as opium of the people does not depend on Christians becoming revolutionaries or not. Religion is opium because it helps to dull the pain of an alienated existence. This is what all religions do. Therefore, when Christians become revolutionaries the real *raison d'etre* of religion is called into question. Thus there is no rewriting of Marx; only an erasing of Christianity. I do not deny that Christians, Hindus or Muslims can be "authentic participants" in the revolutionary process. The point I want to make is that this participation will not change (rewrite) the basic postulate that religion is the opium of the people. Such participation only proves the profound Marxian philosophical insight that material conditions would continually assert themselves through the blinding veil of Idea. In other words, objective social reality is more powerful than the opiate of religion. Thus Kurian's invitation to Christians to rewrite Marx and to clear themselves of opprobrium is based on a revision of Marxist philosophy.

## *Hierarchy and Hypocrisy*

To support his line of reasoning Kurian argues that there is a crisis in the Christian religion which has resulted in attempts of "essentially reformist stuff" to make "Christianity more acceptable to man in the modern scientific age". He adds, "one of the profound positive effects of the whole project is that the hierarchies of the Church and the clergy are forced to enter into a dialogue with the world and with Marxists in particular."[9] No doubt individual clergymen have entered into dialogues and even taken part in joint actions with Marxists. One can immediately call to mind men like Camillo Torres in Latin America. But when Kurian uses the word hierarchies one tends to disagree. Subjectively, the Catholic Church as well as other Churches have often spoken of social equality, social justice among other things. Come to think of it, who does not, these days? Therefore when Kurian quotes the conclusions of the Study Seminar on "Education for Social Change" organized by the Xavier Board of Higher Education in India (XBHEI), he should not forget or feign to ignore that the XBHEI, in spite of revolutionary phraseology, is a reactionary body. Has the XBHEI "avoided (or made genuine attempts at avoiding) the domination by the authoritarian elite on the system of education"?[10] This is, by the way, one of the necessary attributes of 'radical social-change' as defined by the Study Seminar !

The Church, no doubt, presents a new face today. But this has been true of all times, in the sense that throughout its history the Church has kept putting on new faces to keep up with the changes. The faces were, and are, only masks. Without these masks the Church establishment would never have survived the march of history. These masks represent nothing more than a device to stay in business. Thus the World Council of Churches, the Student Christian Movement and similar organizations and their conclaves may deplore apartheid, colonialism and imperialism, make press statements, and contribute towards fighting funds but when it comes to the crunch: when a Lyndon Johnson, or a Kennedy swears in the name of God to uphold the American Constitution and murders millions of a most gentle race and so does his duty to God, no Pope or Church has ever said, "This man and the system he upholds is the devil incarnate!" Why? Because the Churches and the World Council and other such bodies are part and parcel of that class which can only thrive on murder and rapine. To mistake the smiling, benevolent mask for the real murderous face is a cardinal mistake which all Marxists must guard against. Again I would like to stress that there may be, and are, exceptions to this general pattern of behaviour. But so far, these exceptions have always been a few individuals who suffered for their dissent.

## *Lenin on the Church*

Perhaps Kurian may assert that it is these individuals that he has in mind when he calls for joint action and dialogue. And as if to support this call, he quotes Lenin: "Unity of this really revolutionary struggle of the oppressed class for the creation of a paradise on earth is more important for us than the unity of opinions of the proletarians concerning paradise in heaven."[11] This quotation should put a final seal of approval on dialogues and joint actions between Marxists and Christians. But does it really? To answer this, one must go to the source. In 1905, Lenin wrote an article entitled "Socialism and Religion" for the Bolshevik newspaper *Novaya Zhizn.*[12] The quotation comes from this article which, in the first place, puts forward the demands of the Russian revolutionaries with regard to religion. These were that

> religion must be declared a private affair... complete separation

> of Church and State (and of School and Church) is what the socialist proletariat demands of the modern church.
>
> The Russian revolution must put this demand into effect as a necessary component of political freedom. In this respect, the Russian revolution is in a particularly favourable position, since the revolting officialism...has called forth discontent and unrest and indignation even among the clergy... We socialists must lend this movement our support, carrying the demands of honest and sincere members of the clergy to their conclusion...[13]

But if these elements of the clergy do not firmly support the two demands, then, said Lenin, "the class-conscious workers of all Russia (must) declare (a) merciless war" on them.[14] This is the Leninist position with regard to the Church. If one attempts to draw a parallel with India, one can see immediately that due to historical reasons the Church does not stand in the same relation to the State as it did in Russia. But in Kerala there is a definite connection between the Church and School. Within the Churches, however, there is hardly any movement which stands for the break-up of the ecclesiastic control of education. The vast majority of the Churches are, as recent history shows, not so willing to relinquish their domains in this field and to declare religion a private affair. Therefore, the Leninist position would be to declare a merciless war on the Churches; and this war can certainly be waged in the company of "honest and sincere clergymen" if they are willing to join it. But it should be noted that this 'joint action' is confined to the movement "for the complete separation of Church and State and of School and Church, and for religion to be declared wholly and absolutely a private affair."[15]

## *Church and the Party*

The latter part of Lenin's article deals with religion *vis a vis* the party of the socialist proletariat. At the very outset he declares:

> So far as the party of the socialist proletariat is concerned, religion is not a private affair. Our party is an association of class-conscious, advanced fighters for the emancipation of the working class. Such an association cannot and must not be indifferent to lack of class-consciousness, ignorance or obscurantism in the shape of religious beliefs. We demand complete disestablishment of the Church so as to be able to combat the relioious fog with purely ideological and solely ideological weapons, by means of our press and by word of mouth.[16]

In other words, the demand for making religion a private affair is to enable the party to combat it more effectively. Having argued thus, Lenin poses a question:

> Why do we not declare in our Programme that we are atheist? Why do we not forbid Christians and other believers in God to join in our Party?
>
> The answer to this question will serve to explain the very important difference in the way the question of religion is presented by the bour-

geois democrats and the Social-Democrats.[17]

Communists combat religion in two ways. On the one hand they should attack the ideological roots of religion and religious beliefs through their party programme, literature and propaganda. On the other hand, since these ideological roots are embedded in the class nature of society, the religious question should not be posed as an "intellectual" question unconnected with the class struggle, as is not infrequently done by radical bourgeois democrats. Lenin warns:

> It would be stupid to think that in a society based on the endless oppression and coarsening of the worker masses, religious prejudices could be dispelled by purely propaganda methods. It would be bourgeois narrow-mindedness to forget that the yoke of religion that weighs upon mankind is merely a product and reflection of the economic yoke within society. No number of pamphlets and no amount of preaching can enlighten the proletariat, if it is not enlightened by its own struggle against the forces of capitalism.
>
> Unity in this really revolutionary struggle of the oppressed class for the creation of a paradise on earth is more important to us than the unity of proletarian opinion on paradise in heaven. That is the reason why we do not and should not set forth our atheism in our Programme; that is why we do not and should not prohibit proletarians who still retain vestiges of their old prejudices from associating themselves with our Party. We shall always preach the scientific world outlook, and it is essential for us to combat the inconsistency of various 'Christians.' But that does not mean in the least that the religious question ought to be advanced to first place, where it does not belong at all; nor does it mean that we should allow the forces of the really revolutionary economic and political struggle to be split up on account of third-rate opinions or senseless ideas, rapidly losing all political importance, rapidly being swept out as rubbish by the very course of economic development.[16]

## *In Search of Allies*

This rather lengthy quotation from Lenin (which, incidentally, includes the portion quoted in Mathew Kurian's article) puts the whole problem of Marxism and Christianity (or any other religion) in the correct, perspective. To Lenin, unity in the revolutionary struggle of the oppressed class is more important than unity of proletarian opinion concerning paradise in heaven because, as a Marxist he understands that only through class struggle (supported by an ideological offensive through party propaganda) can the ideological roots of religion be destroyed completely. His call for unity or joint action is a tactical weapon *to further the class struggle and to destroy religion.* But Kurian's plea for a Marxist-Christian dialogue and joint action is in the first instance, to give Christians a chance to rewrite Marx's characterization of religion as the opium of the people: also to struggle for a Peoples' Democratic State in India.

Therefore unity, to Kurian, *is a search for allies; there is no hint at all about this unity being used to destroy the ideological roots of Christianity.* Thus the unity of which Lenin speaks of is different from the unity which Kurian has in view. And when quotations from Lenin are used to justify his line of reasoning he seems to commit a distortion of Marxism-Leninism.

Finally, when Kurian puts "(i) knowledge of the world, the historical processes, knowledge of society and social relationships and their laws as historical materialism discovered them, and (ii) social and political action to translate this knowledge into practice which enriches and furthers the knowledge" as two imperative conditions if christians want to be revolutionaries[19] he is indulging not only in wishful thinking, but also in fallacious reasoning. The very acceptance of these two conditions by a Christian would negate his or her existence (in the strict philosophical sense) as a Christian, since theology and the Bible which accept God, Divine Providence and so forth are miles apart from historical materialism which sees history as a dialectical process caused by the contradiction between the modes of production and relations of production. One wonders if Kurian is trying to establish that one can be both a Marxist and a Christian at the same time, although he says otherwise when reiterating the philosophical positions at the beginning of the article. Therefore the only explanation for the inconsistencies and confusions lies in his attempts to revise and distort Marxism-Leninism without caring to apply it to the objective social reality in India.

VIJAYKUMAR KANNAMPILLY

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[1] K Mathew Kurian, "Marxism and Christianity" *Social Scientist 20,* March 1974, p 17.

[2] *Ibid.,* p 5.

[3] *Ibid.,* p 6.

[4] *Ibid.,* p 7.

[5] *Ibid.,* p 15.

[6] *Ibid.*

[7] Marx and Engels, Introduction to "Contribution to the Critique of Hegel's Philosophy of Right", *On Religion,* Moscow 1972, p 38.

[8] Karl Marx, *Capital,* Foreign Language Publishing House, Moscow 1954, p 71.

[9] K Mathew Kurian, *op. cit.,* p 17.

[10] *Ibid.,* p 19.

[11] *Ibid.,* p 18.

[12] V I Lenin, *Collected Works,* Vol 10, Moscow 1965, pp 83-87.

[13] *Ibid.,* pp 84-85.

[14] *Ibid.,* p 85.

[15] *Ibid.*

[16] *Ibid.,* pp 85-86.

[17] *Ibid.,* p 86.

[18] *Ibid.,* p 86-87.

[19] K Mathew Kurian, *op. cit.,* p 18.

# *NOTE*

## *To All Progressive Writers*
## *An Appeal*

*Here is the English version of the statement adopted at the Northern Regional Conference of the Desabhimani Study Circle held at Tirur, Kerala, on August 16 and 17, 1974. It calls upon all progressive writers to make literature the sharpest weapon for demolishing the feudal-capitalist cultural base and building a new democratic society; for the defence of democratic gains and advancing towards socialist goals.*

IN the brief span of four years since the Desabhimani Study Circle came into being, a number of debates and symposia were organized under its auspices; its active members have participated in debates and discussions sponsored by other organizations. These exchanges, on various forums and at different levels, helped to clarify the concepts of literary form and content, among writers and readers alike, from within the Circle and without.

Simultaneously, poems, short stories, novels, plays, children's literature and the like have come out which were largely in consonance with the cultural point of view represented by the Study Circle. The *Desábhimani Weekly* opened its pages for a lively communication of ideas among lovers of literature and critics. Two publishing houses, the Shakti Publications and the Chintha Publishers, were founded with the specific purpose of bringing out works propagating the basic outlook of the Study Circle. The Desabhimani Book House was inaugurated to distribute such literature far and wide.

Although not openly professing these aims, several other individuals and groups writing and disseminating such literary works are to be found in many parts of Kerala. It is at a time when the scene is set for a new cultural advance in which the Study Circle has played a modest role, that the Northern Regional Conference of delegates from all districts is being held. Learning from our experience, we resolve to bring about a new cultural resurgence which will not only stop the degenerate trends in society and culture, but also strengthen all the revolutionary forces on the political front. We take this opportunity to appeal to the progressive activists in the cultural field for their co-operation and support.

## *Progressive Literary Movement*

In the 1930s a progressive literary movement assumed shape and form under the inspiration and guidance of Munshi Premchand, Sarojini Naidu and several others. It provided the vehicle of expression for the spirit of the Indian people's valiant resistance to the British raj and the revolutionary struggles of the working class in the battlefronts of the freedom movement. As a part of this development, in Kerala, a cultural movement came to the scene in 1937 originally as *Jeewal Sahithya Sangham* (Living Literature Society) and later as *Purogamana Sahithya Sanghatana* (Progressive Literary Organization).

The initiative in this venture was first taken by the authors and critics of the Left who, moved by the basic precepts of Marxism-Leninism, were trying to reinforce the anti-imperialist struggle by rallying the masses of Kerala under the hegemony of the working class; subsequently, their ranks were swelled by *literati* under the influence of Gandhism, bourgeois parliamentarism and similar trends isolated from political or mass movements. Thus the progressive literary activities of the 1940s came to involve a wide range of opinions from the political to the non-political.

The anti-imperialist political movement and, the Progressive Literary Organization as an indivisible part of it, reflected a conflict of ideoligies and viewpoints. On many occasions these differences came into the open. Antagonism of foreign rule, however, relegated all other contentions to the background. Different sections within the Progressive Literary Movement took a united stand against the common enemy. The uuity of the anti-imperialist struggle and its cultural affiliate, the Progressive Literary Movement, vanished with the transfer of power in 1947. The divisions were chiefly marked along these lines: followers of Gandhiji who advocated transformation of the Congress Party into a World Service Organization since that organ of struggle had served its purpose of achieving national independence; other Congressmen who wanted to build a bourgeois state on the newly-won national independence; left-wing parties bent on shifting the course of national reconstruction to the socialist path; and the Communist Party which had a distinct stand of its own on the Left. All these forces began working towards their political objectives and therefore at cross purposes with each other.

## *After Independence*

The conflict of political ideas made itself felt in literature. There ensued a direct confrontation between the Communist and non-Communist writers splitting the Progressive Literary Organization down the middle. Its members went their own ways, some of them ending up as the establishment's mouthpieces in return for benefits received directly or indirectly from the new Congress government. In the Communist Party which was committed to fight this tendency, such elements gained the upper hand and in effect endorsed and encouraged it. Consequently, by the mid-1950s, there was nothing left of the old Progressive Literary Movement.

This was occasioned by a widespread expectation that state power in the hands of the Congress marked the beginning of social advance combined with the inability of the Communist Party to effectively prevent this complacency from taking root. By the mid-1960s, however, there was a wind of change. The overoptimism and euphoria in the wake of independence slowly faded away. Left democratic parties which arrayed the people against British rule now found it imperative to lead them against the Congress government. Within the Communist Party itself, the revolutionary sections which yearned to give new dimensions to this task came to the forefront. Its natural sequel was the rise of the Communist Party of India (Marxist).

All these changes led to the end, in 1967, of the Congress Party's monopoly of power. Although Congress rulers won a respite from this crisis in a temporary upswing (the so-called 'Indira wave') it was not long before they began to feel the backlash again. Against this political background, a new cultural advance began to materialize among the writers and cultural workers of Kerala, upholding the exhalted traditions of the pre-independence Progressive Literary Movement but correcting the distortions that weakened it. The *Desabhimani Weekly* made its appearance to give this cultural advance a definite shape and direction. The activities of the Study Circle which formed around the *Weekly* attracted attention and enlisted the unstinted co-operation and support of large sections of people. To all friends who helped, the Study Circle is most grateful.

## *Agreement and Divergence*

As in the old Progressive Literary Movement, the Deshabhimani Study Circle of today has within its fold people of divergent attitudes. On many issues the differences remain. The Circle does not take upon itself the burden of sponsoring an exchange of views to bring about agreement where it does not exist. It is for those directly concerned to iron out the differences and if it is not possible, to agree to disagree without being disagreeable to each other. However, all are settled on this point: a well-organized cultural movement is built upon the issues on which a common ground can be reached, notwithstanding the discord on others. This was true of the Progressive Literary Movement in the past. It holds good today.

All the hopes and dreams of our people during the freedom struggle were smashed to pieces in 27 years of Congress rule. Hundreds of thousands of people have come to the grim realization of what once they refused to believe—the forecast of the left movement, and of the Communist Party in particular, that (in Mahatma Gandhi's own words) independence is to be followed by nothing more than "the black sahibs taking the seats of power vacated by the white sahibs". The initial expectation that in a free and democratic India the hungry and half-hungry millions would be liberated from starvation and suffering was belied. Instead, the rich classes are getting richer and the democratic state of independent India has fallen under their complete sway.

Among the props and pillars of the rich miniority's rule are national leaders wearing a halo of noble self-sacrifice carried over from the freedom struggle days. These Congress leaders had come forward to serve the people, responding to the call of the stalwarts ranging from Ram Mohan Roy, Ranade and Naoroji through the Lal-Bal-Pal trinity to Gandhi and Nehru. When they became rulers they turned into the protagonists of inequity and squalor. No less than any other citizen, the writers and cultural workers should be deeply concerned at this harrowing sight. It is they who should come forward to express the sense of outrage and agony of the masses at the selfish knavery of graft, smuggling, currency-counterfeiting, blackmarketing, murder, robbery and adulteration not to speak of the moral degradation of sex anarchy, traffic in women, rape, alocholism, drug-addiction and streaking.

This appeal is directed to the writers of all shades of opinion, Marxist-Leninist, Gandhian, bourgeois-parlimentarian or what have you, to wield the weapons of the media of poetry and fiction against the post-independence cultural deterioration and moral breakdown. Even during the period of the Progressive Literary Movement, divergent schools of thought solidly stood their ground but at the same time, were united in their common objective of liberation from the foreign overlords. Today in the diversity among writers in ideology and standpoint, unity must be forged against black sahib domination, the intensifying starvation and misery under its shadow and above all the utter collapse of moral values under its patronage. The present struggle of the people against the Congress bosses is essentially not different from that waged against the foreign masters when the Progressive Literary Movement had its being.

### *'Narrow Domestic Walls'*

On the one hand, the centuries-old caste system is still with us; the degradation and repression of millions under its baneful weight; the tragic results of superimposing capitalism on an antiquated social structure by making only minor repairs and adjustments; the tragedy of new suffering and disabilities thrust upon the large majority of the poor and middle classes: these are evident in the mounting caste discrimination and conflict. On the other hand hostility continues to prevail among Kerala's leading communities Hindu, Christian and Muslim, and in between the sects and subsects of each religion. Added to the caste and communal tensions are the disputes and strifes on regional and linguistic differences as between the Tamilians and Malayalees.

To a certain extent the dominating urge for liberation from foreign rule subordinated such considerations at least until 1974. Within limits, the leaders of the independence movement tried to translate this popular sentiment into reality. However, a series of communal riots culminating in the blood bath at independence revealed their lack of total success in combating the disruptionist forces. This was demonstrated by the foreign rulers turning such forces of disintegration against the freedom movement. Although the nationalist leadership fought the tendencies of disunity in a way which they considered proper, the black sahibs on assuming power faithfully followed in the footsteps of their white predecessors: no leader of the ruling party fought shy of consorting with divisive and separatist elements if it perpetuated his authority or brought benefits to his kith and kin. The differences of caste, creed, language and religion were craftily exploited in the power game.

It is now unmistakably proved that some of the leaders who shed crocodile tears at the martyrdom of the Father of the Nation themselves aided and abetted in the assassination of Gandhiji. It has also become clear that among those in power were some who extended moral and material support to the RSS and other anti-Muslim communal outfits. Experience showed that the motive forces of the Congress leadership were hatred of Pakistan and of the Muslim community. Besides, all of them began to capitalize on the caste, linguistic and regional divisions to further narrow interests in the factional fights within the party and the ruling circles. As a sequel to all this 'the sons of the soil' argument came to be advanced all over the country with the full endorsement of the Congress rulers.

## *People's Resistance: An Inspiration to Writers*

We are witnessing an organized and conscious struggle directed against the ruling classes who go on destroying the country, betraying the hopes and ideals upheld in the march to freedom. Right from the beginning of the repressive British regime, the Indian people—as the Keralites did under the lead of Pazhassi Raja, Paliath Achen and Dalawa Velu Thampi—courageously fought pitched battles against it. The most glorious and widespread of the Indian people's anti-British war was that of 1856-57 in north India. Following its defeat under feudal leadership, the movement for freedom regrouped with a new outlook under the guidance of a new class. From the moment of its formation, the Congress government, too, became the target of the Indian people's righteous indignation.

The battles were many, big and small, starting with the classical Telangana struggle down to the recent railwaymen's strike. It is significant that while the ruling classes develop their lethal instruments of oppression, the workers, peasants and the toiling masses are simultaneously putting an edge on their own weapons of resistance. They do fail many a time in the use of these weapons and face the most trying times. All the same, they are steadfast in their conviction that as in the skirmishes with the imperialist enemy, today's short-term setbacks and distress are but the inevitable preludes to ultimate victory. This is why the resistance of a few thousands (as in Telangana) has now expanded into a gigantic movement with a mass appeal to the millions.

This resistance of the masses forms, undoubtedly, the source of inspiration to progressive writers, critics and cultural workers. The public declaration that literature and other artistic media are the battle-swords of the fighting people is based on this truth, and it is not surprising that the connoisseurs, employing traditional norms for judging cultural values, subjected progressive artists to a devastating criticism. The latter braved this type of censure when their works such as *Pattabaki* (Rent Arrears), *Rakthapanam* (Draught of Blood), *Naniute Chintha* (Nani's Thoughts) and *Menonte Meni* (Menon's Braggadocio) were adjudged as wanting in literary values. What saved them from despair was the compensating admiration for all these works from another group of critics—millions of people consisting of workers, peasants and agricultural labourers whose lives were portrayed in these writings.

## *Creating the New Aesthetics*

The progressive writers unfolded their work before the public in an effort to bring in a new aesthetic sense based on the raw emotions of the fighting masses, in place of the conventional set of values enshrined in the Sanskrit and English classics. The Desabhimani Circle does not consider writings of this genre as all that perfect. There is, we admit an element of truth in the formalistic objections from friends to works representing this general outlook. We believe that it will be desirable to try and smoothen the rough edges and sharp angles in the works depicting the thoughts and emotions of those in the thick of the fighting. Progressive writers must study the authorities on aesthetics in Sanskrit and English by all means, and adapt this knowledge, without falling for blind imitation, to revealing the hearts and minds of the fighting masses. For a progressive writer it becomes a matter of duty.

The masses are the rightful claimants to the entire cultural heritage created by humanity to this day. They must acquire for themselves a perceptivity which is the product of all society and use it as a means of moulding the splendid future of an egalitarian society. With this vision missing, the Progressive Literary Movement manifested a variety of drawbacks. The Study Circle will, however, devote all its energies to the creation and appreciation of literature upholding the Progressive Literary Movement's eminent tradition of giving expression to the fighting masses' concepts and sentiments. The co-operation of all progressive authors is earnestly called for.

## *Battle of Ideas*

The Progressive Literary Movement arose to contradict the "art for art's sake" argument. A vast majority of the writers who founded the movement were motivated by the Marxist-Leninist principle that literature, like all other social phenomena, should be an instrument of the class struggle and that the ideas of the working people should be formulated in opposition to those of the ruling class. Even those who did not subscribe to this Marxist-Leninist theory believed that literature must be employed as the sharpest weapon in the struggle against foreign imperialist and native reactionary forces. Thus the entire progressive movement accepted the stand of "art for social progress" to counterpose the "art for art's sake" concept. The Desabhimani Study Circle takes an identical stand and is pledged to contend with all forms of the "art for art's sake" proposition.

False pretences behind the façade of such arguments as "I write for my own pleasure, owing no responsibility whatsoever to society" should be laid bare. The truth is that the exponents of "suprasocial individualism" are those most keen on the widest sales and readership of their books. The moral degradation concealed in this approach, along with the antipathy to the organized mass movement and the alacrity to serve the rulers and the rich, all these must be mercilessly exposed. All the more, because the state and the propertied classes are out to hire the services of the erstwhile progressives in order to counteract the advancing mass struggle and the cultural literary ventures in support of it.

### *Moment of Choice*

Official, semi-and non-official academies, textbook and other publishing agencies, top awards, grants-in-aid to libraries and cultural groups, honours and prizes to individual artists—through all these means, the ruling classes are bidding for a take-over of the entire field of culture. Many writers and artists who came to the limelight under the sponsorship of the Progressive Literary Movement have fallen for this strategem. Quite a few go to the length of putting their pens at the disposal of the ruling class while professing to oppose the intrusion of politics into cultural activity. The Desabhimani Study Circle will be failing in its duty if it does not expose this group of writers in their true colours and caution people against them.

The movement which goes under the labels of modern, very and ultra-modern helps to stabilize the position of writers in the reactionary camp with the material aid and full backing of the ruling classes. The Desabhimani Study Circle has been forced to fight a running battle against this trend. In this connection we wish to make one point clear: we oppose this movement not because the forms and craftsmanship of the writers concerned are revolting. We oppose it because the world outlook propagated through these forms and techniques, acceptable to some and disagreeable to others depending on their tastes, is essentially counter-revolutionary and anti-people in content; because it can do nothing but mislead the young generation.

The viewpoint of 'modernity' nullifies the confidence in the ever-growing mass organizations and engenders a sense of futility in advancing through organized strength. The Study Circle makes this appeal to all progressive writers and critics in Kerala to set their faces relentlessly against all the degenerate tendencies whether or not these have found mention in this statement. We beseech them to have their writings, literary judgment and appreciation solidly grounded in the heart and mind of the masses fighting for a new society.

DESABHIMANI STUDY CIRCLE

# *BOOK REVIEW*

BEPIN BEHARI, ECONOMIC GROWTH AND TECHNOLOGICAL CHANGE IN INDIA, Vikas Publications, pp 274.

ANY investigation into the nature and capabilities of technological progress must have the growth of the national economy as its ultimate objective. An enquiry, therefore, into the concept of technological change should contain not only an ideological bias as far as future development plans are concerned but also an interpretation of history in such a way as to make a particular theory seem the most logical follow-up. For India in particular, any analysis which advocates a capitalist path of development will seek to negate, or at least ignore, the political question which is bound to come up in the course of the analysis. It is indeed from this standpoint that Bepin Behari proceeds to analyse economic growth and technological change in India.

## *Concern for the Consumer*

The author sets a number of targets: increase in profit rate, rise in employment, improvement of the small-scale sector, evolution of indigenous technology and decentralization of industries. Having laid down these goals he comes out with an attempted negation of Marx. The field thus cleared, he introduces the concepts of appropriate and intermediate technologies. Intermediate technology in the classical sense is tantamount to "labour-intensive technology in labour surplus economies". This is pitted against the concept of appropriate technology which implies the choice between alternative techniques; and advancing the one technique in which the cost to the ultimate consumer is the lowest. Having given it top priority Behari tries to fit his theory into the Indian reality with a brief analysis of China. This diversion serves little purpose beyond revealing the author's political bias.

Seen in this broad perspective the book appears to be full of contradictions. To begin with the very objectives are contradictory. For instance, in considering the objective of profit maximization on which the system operates it is quite obvious that any production beyond a certain point can lead to decline in the rate of profit. As such, employment is just a tool in the hands of profit maximizers and any attempt to make it a separate objective in a basically capitalistic framework is an exercise in futility. As if to rub it in, the adoption of labour-intensive technique is suggested exactly when the rate of return on capital-intensive techniques is higher, and what are called "management difficulties" are on the decline due to an increased labour force. Further, the development of small-scale industries is suggested as well as a general decentralization of industries when it is known fully well that in the present set up the reserve army of trained industrial labour force is only available in the cities.

## *Technology for Progress or Profit?*

The analysis of Marx contained in this book totally misses the essence of his writings. For example it is alleged that, according to Marx, the rate of exploitation increases with the development of technology and, therefore, technological progress is to be avoided. It is universally recognized that Marx's writings point the way towards a transformation of society and look upon technological progress as one of the means of liberating it from the capitalistic framework. Behari's assessment of Marxist approach to technology betrays a typical inability to see beyond the present framework. It is the same outlook towards the working of this system which makes the author see labour as the cause, through strikes, of industrial stagnation. He does not pause a moment to think of the reasons for labour unrest and strikes. If he did, it would have naturally brought him to the question of inflation and the sources of stagnation within the monopoly-oriented industrial system, aided and abetted by a bourgeois-landlord state.

Coming to the choice of the appropriate technology—on condition that the cost to the ultimate consumer should be the lowest—a more careful analysis would have brought the author again to the contradictions of the system. Let us consider the case of a commodity which is produced in the capital goods sector, say, tractors. Suppose there are two techniques A and B for manufacturing tractors, A being more efficient than B. Suppose that the tractor produced by A proves to be not as efficient a farm machinery as that made through technique B. If the increase in farm efficiency by the use of B tractors more than compensates for the fall in tractor production efficiency of technique A, it is technique B which will be more beneficial to the economy. In an anarchic capitalistic system, however, where the two sectors are controlled by two different monopolies, since technique A is more profitable in the manufacture of tractors, it will be favoured and the product of this technique (a less efficient tractor) will be the most easily available in the market, simply because the profit on this technique will be greater. Needless to say, such a problem will not arise in a planned economy where profit-motive is not a primary consideration.

## *How Green Was the Revolution*

The author then begins to unfold the Indian experience of the last twenty-five years. He concentrates on the agricultural strategy of the 1960s and is of the opinion that the period of the so-called 'Green Revolution' is marked by the march of technology. The stagnation that has befallen agriculture since then can be overcome with more effort but along the same lines. He seems to be optimistic about farming prospects because improved banking facilities are on tap, removing a major obstacle to technological advances. One would, however, join issue with this view because the explanation for the stagnation is not so convincing. If one were to attribute the rise in farm output during the 'Green Revolution' years to advance of technology, how would one account for the later stagnation and decline? Surely this was because once the rich farmers increased output to their optimum levels of profitability, total agricultural output could not further be stepped up because facilities like credit are not available to the medium and poor peasants who are not able to put up adequate collateral.

This is of course assuming that the 'Green Revolution' did take place. But such a premise is very much open to question since most of the increase in output was only in wheat production and that also not in all the wheat-growing areas. More wheat was harvested because there was an increase in acreage during this period. It must also be pointed out that the production of some of the other crops actually showed a downward trend. Even if one were to consider these as mere peripheral issues and concentrates on the growth rate, the arguments for the existence of a 'Green Revolution' are still not convincing. This can be seen from the fact that the growth rate in the 1960s, the decade of the 'Green Revolution,' was lower than in the fifties. That there was an increase in the rate of growth in 1965-66 and for a few years afterwards is largely due to the fact that 1964-65 was a bad year for agriculture. To describe an agricultural recovery from drought to good monsoons as the 'Green Revolution' is misleading, to say the least.

## *Indian Planning Goes Haywire*

In studying the role of technology in the Indian context it is but natural to relate it to the country's economic development. Any steps taken in this direction should be judged in the light of its alignment with the planning strategy of the time. It is here that one recognizes that the basic fault of the Second Five Year Plan lay in the fact that a model for a socialist system, the Feldman model, was superimposed on the economy of India in the form of the Mahalanobis adaptation. This superimposition led to technology moving, to a point, against the process of economic development. It is not surprising how and why this happened: the Second Plan was based on the strategy that a rapid development of heavy industries would in the long run lead, on the one hand, to a consistent increase in demand for consumer goods and on the other, to an increase in the availability of machinery for the production of consumer goods.

However, there were certain snags which were overlooked by the planners. They seemed to have missed the point that any increase in the investment sector would call for a greater production of basic consumption goods, which the economy was not able to cope with. This would make the perfect setting for an inflationary situation. The planners' attitude was that it would remain a short-term phenomenon and when the investment goods production increased the consumption goods sector would also expand. This is where the hitch came. A question which should have been raised but did not come up was why should the entrepreneurs invest in the production of essential commodities instead of luxury goods when the profit in the latter is temptingly greater? It would have given early premonition of the fantastic increase in the prices of essential commodities. And at the end of the day, this is exactly what came to pass. Technology that was imported to expand the luxury goods output was an impediment to progress even if it is assumed for a moment that progress would otherwise have come about. The Indian context would thus show that no matter what the government plans and aims to do, the measures taken will ultimately be in the interests of the ruling class, entailing a certain class bias in government policies. It is probably for this reason that the author, in spite of the title's premises, chooses to confine his study to mere concepts and assorted data without dealing with the consequences and implications of the facts and figures.

### *Few Cars in China!*

Finally, in discussing China, Behari keeps on with his political bias. While acknowledging the economic devolopment of China, he holds the view that a lack of economic freedom and control of prices are responsible for it. He seems to think that controlled prices constitute an attack on the free play of market forces. It is here that the class positions become clearly identified. The sneer at the scarcity of motor cars in China is matched by the silence on the freedom to starve in India. In conformity with confining the terms of reference within the framework of the present system, the author shows China's example and tells us that progress can be achieved here without at any time envisaging a change in the Indian 'free price' system. The 'no change' apologists not only sound ridiculous, they fail to make a reasonable analysis of the problems of our time.

NARENDAR PANI

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*Articles, report, notes and book reviews express the views of their authors and not necessarily of the editors or of the Indian School of Social Sciences.*

# OUR CONTRIBUTORS

*SUNEET CHOPRA is research scholar at Jawaharlal Nehru University, New Delhi and member of the Central Executive Committee, Students Federation of India.*

*ARVIND N DAS is research assistant at the Gokhale Institute of Politics and Economics, Poona.*

*MEENA GUPTA is lecturer in economics, Daulat Ram College, Delhi University.*

*BHABESH MOITRA is vice-principal of the All Bengal Teachers' Training College, Calcutta.*

*M K SUKUMARAN NAIR is research associate at the Centre for Development Studies, Trivandrum.*

*B T RANADIVE is member of the Polit Bureau, Communist Party of India (Marxist) and president, Centre of Indian Trade Unions.*

*Dr SHEO NATH SINGH is deputy director, Institute of Behavioural Sciences Magadh University, Bodh-Gaya.*

*Dr M J K THAVARAJ is professor of financial administration, Indian Institute of Public Administration, New Delhi.*

*B T RANADIVE*

# *World Capitalist Crisis*

THE recession is today's most discussed topic in the capitals of all advanced countries. The spurt after the 1969-70 slowdown proved to be brief and by 1973, signs of deterioration became unmistakably clear. On the top of sporadic bank failures have come reports of an international airline like Pan Am, USA's largest, seeking a 10.2 million dollar subsidy every month if it was to continue operating its schedules. The stock markets of the bigger imperialist countries are in panic. During the last 20 months, the market value of common stocks listed on the New York Stock Exchange went down by nearly 300 billion dollars. The Dow Jones Industrial Average dropped 110 points in the last week of August while the *Financial Times* Industrial Index for the United Kingdom declined to levels below 200—for the first time in 16 years. British stock prices have gone down by more points in the last two years than during the Great Depression years of 1929-32.

With an increasing number of finance houses and banks facing insolvency, the situation is reminiscent of the Great Depression of 1929-34. No wonder bourgeois economists, politicians and financiers have begun to find analogy to those days of anguish and nightmare. Using the word 'recession' for the first time, a White House statement in November forecast worse to come.

## *Portents of Banking Breakdown*

The shadow of a bank crisis hangs over the western world. Though no major bank has been affected as yet, the collapse of smaller banks and financial houses has been averaging one a month. The failures of the Herstatt Private Bank in Germany, of the Swiss subsidiary of the Lloyds Bank (with a loss of £30 million) and of several other financial institutions sent shock waves through the stock markets. It is feared that should a major bank go broke under pressure of liquidity demand, it may set in motion a run on the banks, upsetting the monetary system as it happened in 1931 when the Kredit-Austatt of Austria collapsed.

A number of countries are running up heavy payment deficits temporarily offset by massive loans from abroad. Britain's current account deficit is of the order of £4000 million. Although Italy recently secured a loan of 2 billion dollars from West Germany, she has turned for further assistance to the EEC which is likely to grant a short-term extension for the 1.8 billion dollar loan repayable in September. France is reportedly acting as the mediator to negotiate oil dollars for Italy.

There has naturally been a flurry of consultations among international bankers to save the situation. In mid-September at a meeting in Basle of the Bank for International Settlements, the representatives of USA, Western Europe and Japan announced that they would seek international co-operation to prevent banking disasters. Earlier, a meeting in Paris of the monetary authorities of six West European countries decided to formulate joint policy to overcome common economic problems. The US Federal Reserve Board has promised to come to the rescue of other central banks as a lender of last resort. Thus the crisis involving international payments and finance, the monetary system and industrial production are all getting interwoven, threatening the entire fabric of capitalist society.

## *Marx on Capitalist Crises*

Crises are part and parcel of the capitalist economy and their basic cause was diagnosed by Karl Marx: "From time to time the conflict of antagonistic agencies finds vent in crises. The crises are always but momentary and forcible solutions of the existing contradictions. They are violent eruptions which for a time restore the disturbed equilibrium."[1]

Marx goes on to pinpoint where the contradiction originates:

> The limits within which the preservation and self-expansion of the value of capital resting on the expropriation and pauperization of the great mass of producers can alone move—these limits come continually into conflict with the methods of production employed by capital for its purposes, which drive towards unlimited extension of production, towards production as an end in itself, towards unconditional development of social productivity of labour. The means—unconditional development of the productive forces of society—comes continually into conflict with the limited purpose, the self-expansion of the existing capital.[2]

Marx traces the development of the internal contradiction to the breaking point. Under the law for capitalist production its inevitable expansion comes up against the limited conditions of consumption. The gap between leaping productive power and restricted consumer power widens and widens with every effort to bridge it:

> The conditions of direct exploitation, and those of realizing it, are not identical. They diverge not only in place and time, but also logically. The first are only limited by the productive power of society, the latter by the proportional relation of the various branches of production and by the consumer power of society. But this last-named power is not determined either by the absolute productive power, or by the absolute consumer power, but by the consuming power based on antagonistic conditions of distribution, which reduce the consumption of the bulk of society to a minimum varying within more or less narrow limits. It is furthermore restricted by the tendency to accumulate, the drive to expand capital and produce surplus-value on an extended scale. This is law for capitalist production, imposed by incessant revolutions in the method of production themselves, by the depreciation of existing capital always bound up with them, by the general competitive struggle and the need to improve production and expand its scale merely as a means of self-preservation and under penalty of ruin. The market must, therefore, be continually extended... This internal contradiction seeks to resolve itself through expansion of the outlying field of production. But the more productiveness develops, the more it finds itself at variance with the narrow basis on which the conditions of consumption rest.[3]

It is this contradiction that forcibly asserts itself in the present crisis, menacing thousands with bankruptcy and ruination, millions with unemployment and destitution, and the vast productive resources with waste and disorganization.

### *Shape of the Present Crisis*

The present crisis breaking out within the framework of the third stage of the general crisis of capitalism has aroused apprehensions of an impending collapse. The report of the International Monetary Fund describes it with a note of warning:

> At mid-1974, the world economy was in the throes of a virulent and widespread inflation, a deceleration of economic growth in reaction to the preceding high rate of expansion and a massive disequilibrium in international payments. This situation constitutes the most complex and serious set of economic problems to confront national governments and international community since World War II.

Three specific features have distinguished the present crisis from others in the postwar period. This is the first time when the desynchronization of the world cycle caused by the Second World War is ending and the crisis is engulfing the entire capitalist world simultaneously.

The fractionalization of the crisis had softened the impact on the system as a whole.

Secondly, with the exception of the 1958 crisis, the capitalist world is witnessing, since the war ended, an absolute decline—however small—in the total production of industrial countries which threatens to affect the primary-producing countries as well. In all previous postwar crises, though individual countries experienced sharp falls in production, the total of all countries put together did not show an absolute decline, but only a slowing down of the growth rate.

Thirdly, this crisis is breaking out in the background of an uncontrollable inflationary situation. Maintenance of rising prices, huge military expenditure, manipulation of money supply and "moderate" inflation have been the main instruments for sustaining economic growth and curbing unemployment since 1945. Today rising inflation is leading to rising unemployment (and decline in production) blunting a traditional bourgeois weapon to manoeuvre against the crisis.

Hence the universal panic as the trouble spreads. "Under the impact of cyclical influences and of developments relating to oil, the volume of total output in the industrial countries suffered an outright (though small) decline in the first half of 1974 and the effects of this unusual development were in process of spreading to the primary producing countries."[4] The crisis is getting synchronized and the entire capitalist world is being drawn into the maelstrom.

## *GNP Rates Go down*

The background of this decline has to be understood. The industrial countries of the capitalist world, notwithstanding the periodical ups and downs, registered substantial progress during the 1960s. US economic growth doubled in comparison with 1950 figures, while Japan, France, Italy and West Germany also showed high growth rates. From the end of 1969 to the middle of 1972, however, production in industrial countries levelled off to stagnation. USA and Italy went through an overproduction crisis while Japan and West Germany witnessed a lowering of their economic activity.

For industrial countries the percentage growth in real GNP dropped to 2.6 in 1970 from 4.8 in 1969. The average annual change for the 1960-70 decade was 4.8; for 1960-65 it was 5.1; and for 1965-70, 4.6. The growth rate picked up in 1971 but failed to exceed 3.7 per cent.

The growth rate for the USA was 2.7 per cent in 1969; it dropped to -0.4 in 1970 to catch up a 3.3 level in 1971. Japan dropped its growth rate from 12.1 in 1969 to 10.3 in 1970 and 6.8 in 1971; West Germany went down from 8.2 in 1969 to 5.8 in 1970 and 2.7 in 1971; Britain was down to a rock bottom, 1.6 per cent in 1969, and did not do much better with 2.3 in 1971, while Italy's growth rate dropped to 1.6 in 1971 from 4.9 in 1970. Primary-producing countries dropped from 7 per cent in 1969 to 6.4 per cent in 1970 and 5.6 per cent in 1971. The world output rate dropped from 5.2 per cent in 1969 to 3.4 per cent in 1970 and 4.1 per cent in 1971.[5]

After two years and a half down the slippery slope, things seemed to look up for a while. The real GNP for industrial countries showed a rise of 5.6 per cent over 1971 and the USA registered a 6.2 rise over 1971. The year 1973, according to the IMF report, was a year of higher economic growth for the world. There was an "unusually large" growth of real GNP—6½ per cent over 1972. Japan showed a rate of 10.5 per cent; United Kingdom, 6.0 per cent; France, 6.1 per cent; Italy, 5.9 per cent; and USA, 5.9 per cent.

All the same this upswing could not be sustained for long. By the middle of 1973 itself, the demand curve started going down. The first half of 1973 showed eight per cent growth rate of real GNP; in the second half it dropped to only three per cent and in the first half of 1974 there was an absolute decline of industrial output in industrial countries with near stagnation of GNP as against a growth rate of 4½ to 5 per cent, considered 'normal.'

The production boost noticed between 1971 and 1973 was based on a price inflation. And the measures taken to control the inflationary situation in effect deflated the boom itself. The high rates of price inflation that accompanied the expansion of economic activity during the latter part of 1972 and early 1973 led the authorities of many industrial countries to introduce or tighten policies of financial restraint, and the impact of such policy actions on real activity had already begun to take effect in some of the larger countries.

### *Unbridled Inflation*

Bv far the most striking feature of the present crisis is the continued hyperinflationary spiral. By the second half of 1973, as measured by the comprehensive GNP deflators, the rate of price increase over the first half of 1973 averaged 10 per cent for the industrial countries. At present, the rate of inflation in West Germany is 7.2 per cent, USA 11.8, France 13.5, Britain 16.0 and in Japan 24.0 per cent. India tops them all with 28 per cent.

For 1973 as a whole price rises in developed countries presented the following picture:

| | | |
|---|---|---|
| United States | 5.6 | Per cent |
| Japan | 12.1 | ,, |
| France | 7.2 | ,, |
| West Germany | 6.0 | ,, |
| Italy | 10.5 | ,, |
| Britain | 7.5 | ,, |
| Industrial countries | 7.2 | ,, |

Less developed countries present the following picture. The percentage changes in consumer prices given below are based on the preceding years' figures:

| | 1972 | 1973 | First quarter 1973 to First quarter 1974 |
|---|---|---|---|
| All less developed countries | 13 | 24 | 37 |
| In Asia | 7 | 19 | 31 |
| In western hemisphere | 21 | 36 | 48 |

The less developed countries have been drawn into the vortex of inflation because of their economic and trading links with the advanced capitalist countries.

The capitalist economy has been continuously working under the stimulus of rising prices and 'moderate' inflation. The manipulators contrived for a constant price increase. In the early sixties it was assumed that it would not go beyond an annual 2½ per cent. But this rate was not good enough for a sluggish economy. Like a drug-addict it required more and more dosages to get the kick. The accumulated forces of inflation demanded more stimulus and in 1972 the recovery was still taking place and when inflationary conditions already existed, the GNP deflators in industrial countries rose by 5 per cent. By mid-1973, they rose to 10 per cent and in 1974 to 24 per cent.

### *Vicious Circle*

Now the real calamity is that the drug is not working. Moderate inflation and price rises were remedies associated with pushing up level of production and keeping down the rate of unemployment. Here is something different: while inflation gets out of bounds, production goes down and unemployment increases; if any attempt is made to curb inflation, the economy is threatened with a sudden upset, even breakdown.

US President Ford's special economic consultant MacCracken put forward the bourgeois discomfiture in the following words:

> The conventional wisdom was that unemployment was usually worse than a little inflation and that inflation can be curbed with mildly restrictive policies where necessary. We studied the ways and arts of economic stimulation. We forgot we were stimulating a lazy relaxed animal...But most important we had no idea how sensitive the economy had become to stimulus.

The result has been decline in production, lay-offs, growing mass unemployment combined with uncontrolled and ever-rising prices. The fear of deflation producing disastrous results like those in 1929-33 haunts the bourgeois governments: capitalist production had collapsed and millions were thrown out of jobs; then, in the United States, production went down by 50 per cent and 25 per cent of the labour force was jobless.

Today though the situation has not reached this extreme, the policy of, stimulus, has unleashed all-round misery in the capitalist world. The people of the backward countries are bearing the brunt of it all, and millions are joining the ranks of the destitutes. In the US the rate of unemployment does not go below 5.2 per cent which means at least 4.6 million in actual numbers. This is two million above the 1968 figure and economists expect it to rise continuously to seven per cent in the near future. Contingency plans are being drawn up to meet the situation. At the same time, economists are secretly discussing the advisability of keeping down unemployment to 6 per cent.

With the continuous rise in prices the real wage of the American workers has gone down. Between October 1972 and 1973, the decline was 3.2 per cent. Even the boom did not help, because wage increases were limited to 5.5 per cent annually under the so-called 'incomes policy' while cost of living rose by 9 to 10 per cent.

The distress in the USA can be imagined from the fact that fifteen million people are dependent upon some kind of public assistance. It was ten million five years back. While unemployment is increasing, thousands of workers in basic industries have to put up with more hours of work, the working-week lengthening from 48 to 60 hours in many cases in a bid to step up productivity. After food and other necessaries of life, housing has been the next victim of inflation. Some 495,000 construction workers are now jobless because of cut-back in construction by nearly 50 per cent —from 2.3 million units in 1972 to 1.3 million in 1973.

### *Profiting from Adversity*

It has been further noted that the boom does not lower the level of unemployment but often adds to it. During the recession of 1970-71 the unemployment level was lower than during the subsequent years. The capitalist economy is proving to be less and less employment-oriented. The surge of unemployment, lower incomes, public doles and heavier work loads have become the workers' lot in all capitalist countries. France and West Germany under the stress of the crisis are sending back thousands of 'guest' (immigrant) workers to where they came from, namely, Greece, Turkey and Spain.

Five countries—USA, Canada, Britain, France and Italy—had nearly 7.5 million jobless in 1972 compared to 4.7 million in 1969.

UNEMPLOYED (IN THOUSANDS)

| Year | US | Canada | Britain | France | Italy |
|---|---|---|---|---|---|
| 1969 | 2831 | 382 | 597 | 223 | 663 |
| 1972 | 4840 | 562 | 980 | 380 | 701 |

This, however, does not mean that monopoly profits are going down. Corporate profits after taxes rose from an annual rate of 53,400 million dollars in the second quarter of 1972 to 71,600 million dollars in the second quarter of 1973. From the low levels of the recession year, profits have doubled and from the previous peak of 1969, they rose 60 per cent. Profits of 30 large petroleum companies soared over 50 per cent to a level of 10,000 million dollars (after taxes) in 1973. Capitalist economy has showed itself true to its character even when passing through a crisis.

Having deprived the working class of employment and purchasing power, inflation has created yet another danger to the economy, in driving many non-monopolist producers to the wall. In every crisis, the smaller operators are the first to go bankrupt. The process is on and any day the non-monopolist concerns face the prospect of ruin for want of liquid resources. The blows of anti-inflationary measures fall on them most heavily with disastrous consequences.

With interest rates running high, small concerns are not in a position to incur long-term loans. They have to rely on short-term credit hoping for a future cut in interest rates. This also increases indebtedness all round and puts tremendous pressure on the banks. The greater the indebtedness the more acute the problem of liquidity. The liabilities of manufacturing industry have increased in volume. In 1955, US manufacturing companies were in debt to the tune of 21 cents for each dollar; in 1973, debt reached 44 cents to each dollar. There is also a colossal rise in consumers' credit which now totals 183.4 billion dollars; in 1959, it was only 49 billion dollars. Credit squeeze and other controls under these circumstances make for the ruin and bankruptcy of one non-monopolist concern after another.

## *International Dimensions*

The present crisis, as has been pointed out, is the first post war crisis simultaneously engulfing the entire capitalist system. The capitalist world in the postwar era was hitherto accustomed to fractional crises; it was taken for granted that each crisis would pass without too much trouble. In fact, economists and politicians alike had begun to believe that in the stimulation of the economy they had found a new recipe for solving any crisis.

New conditions were created by the consequences of the war and the destruction and defeat of imperialist rivals. The desynchronisation and the progress of capitalist production in the postwar years were not clearly understood. Immediately after the war, the colossal damage and destruction together with the pent-up demand for consumption and reproduction provided a big momentum to capitalist production. Victor and vanquished countries alike with their industrial capacities crippled in the war, offered ready-made opportunities, especially for those like the USA which had escaped with the least damage. The main basis of expanding production is renewal and new investment in the means of production; and for this the immediate postwar situation provided ample scope. But as the defeated countries began to overcome their crippled condition, their economies showed a higher and more rapid growth rate than those of the victor countries. West Germany and Japan are instances in point. The divergent conditions created by the war and the subsequent uneven development expressed themselves in the desynchronization of the crisis, leaving its main burden on the USA and Britain. The USA, Britain and Canada have seen lower growth rates and a series of crises since the war. Initially, it was the USA which took advantage of the post-war situation to advance its own interests, export capital and expand production on a world scale. But it had to slow down in the face of resurgent rival imperialist economies competing for markets not only in their home countries, but in the outside world and the United States as well.

The USA tried to counter this process by an intensified drive against its rivals and resorted to heavy military expenditure to expand production. The Korean War gave the first shot in the arm to its 'defence' production; and investments for the armaments industry multiplied to astronomical proportions in the later years.

It was due to the special postwar situation that the cyclical movement of capitalist production did not make itself felt too strongly. It could not affect all countries at the same time and with the same intensity and created an illusion of elimination or, at least, moderation of the crises. The recession of 1958 was the only one before the present crisis in which industrial output of the capitalist world suffered a decline. It dropped 3 per cent below the 1951 level. The recovery, however, was immediate. By 1959, production exceeded the preceding peak. Moreover, the crisis of overproduction did not reach advanced countries like France, West Germany, Italy and Japan.

## *Intimations of Instability*

However, recessions continued to occur though, for capitalist production as a whole, they only brought down the growth rates and not production in absolute terms. Capitalists with their memories of the late 1920s, when industrial output collapsed from 100 in 1929 (pre-crisis peak) to 63.8 in 1932 with no recovery for seven long years, thought this was a unique achievement.

However, evidence was not lacking that the bubble would soon burst. USA, the leading capitalist country, notwithstanding its global operations, stimulii of war and military expenditure, was showing symptoms of a crisis of overproduction as output steadily dropped. Figures in the next table indicate the deepening tendency.[6]

The 1969 crisis which originated in the United States gave a clue to the shape of things to come. It was a virtual dress rehearsal of the present crisis. Although true desynchronization did not end, almost all advanced countries were affected, in different degrees and at different times. Total industrial output of the capitalist world did not decline but definitely slowed down.

| Year | Percentage drop of production |
|---|---|
| 1948-49 | 8 |
| 1953-54 | 10 |
| 1957-58 | 14 |
| 1960 | 10 |

In the United States, output of manufacturing industry in 1970 and 1971 slipped to the 1968 level, about 5 per cent below that of 1969. The volume of construction was also 5 per cent less than in 1969.

In Britain, manufacturing remained stagnant in 1970 and 1971, but extractive industry and construction dropped by 9 and 5 per cent respectively in 1970, as compared with 1968. In Italy, manufacturing output decreased by more than 3 per cent in 1971 and extractive industry by nearly 7 per cent. West Germany showed a slower growth rate. Because of desynchronization the fall in production for most of the countries proved to be small, softening the impact of the crisis.

But the warning was loud and clear. Desynchronization was coming to an end. The earlier immunity enjoyed by some countries could not last as the special conditions of the postwar world no longer obtained. Overproduction now threatens the entire capitalist world which has too little room for all the rival imperialisms to manoeuvre around.

## *State-Monopoly Capitalism*

The current cyclical crisis, happening in the framework of the general crisis of capitalism, is a product of all the contradictions of the present period. Its specific form is also determined by the specific changes that have taken place within capitalist society.

The outstanding feature of present-day capitalism—capitalist societies in developed and imperialist countries—is the domination exercised by monopolies over the economic system together with the fusion of monopolies and the state, leading to state-monopoly capitalism. This monopoly domination with its consequences of imperialism was already noted by Lenin in his classic work, *Imperialism, the Highest Stage of Capitalism.* Since then this characteristic has developed with every year and it has become the most distinguishing trait of modern capitalism.

For example, Britain's industry, trade and shipping are dominated by 50 huge monopolies of which 10 play a decisive role and control the aggregate capital. In many of these, American capital predominates. What passes for 'socialism' in Britain constitutes in reality the advancing state-monopoly capitalism. Public ownership of enterprises in production and services often expresses the process of the state's fusion with the monopolies. In the United States, recent tabulations showed that ten banks headed by six in New York hold effective control over most of the leading corporations with 18 per cent of IBM stock, 16 per cent of Eastman Kodak, 11 per cent of General Electric, and so on.[7]

The power of the monopoly concerns has grown enormously with further concentration of capital and the formation of multinational corporations or supermonopolies. Such powerful organizations not only dominate various national economies but are beyond the control of any state and capable of upsettting the economic measures adopted by any country. Their strength can be gauged from the following figures.

United Nations data reveal that the top 300 corporations account for about 22 per cent of the Gross National Product of the developed capitalist countries. In 1972, the output by foreign subsidiaries of international monopolies amounted to 370 billion dollars or more than twice the total exports of the capitalist world. Foreign subsidiaries of US monopolies produced four times the total US exports.

Again, 500 corporations account for nearly half of the industrial output of developed capitalist countries. The largest 50 private companies and their branches now produce approximately 15 per cent of the world's output, with the US concerns contributing about a half. The liquid assets of the multinational companies add up to 268,000 million dollars which is twice the amount of the foreign exchange reserves of all the western countries. According to US Senate Report of 1973, in 1971 they accounted for 24 per cent of the total cost of exports in the capitalist world and controlled 69 per cent of US exports.

This is the face of modern capitalism. When monopolies control the state, the official policies inevitably defend their immense profits at all costs. The economy is managed and the growth rates maintained with a view to perpetuating the loot.

### *Industrial Military Complex*

Confronted with slowdown of the economy brought on by their own excess profiteering and mass exploitation, the monopolists resort to Keynesian wisdom, stimulate the economy artificially through unproductive expenditure, impose further misery on the masses and make an accentuated crisis inevitable. The state is put in command of this offensive campaign. Keynes said, "pyramid-building, earthquakes, even wars may serve to increase wealth, if the education of our statesmen on the principles of classical economics stands in the way of anything better...It would be more sensible to build houses and the like..."

But wars and preparations for war have been found to be more sensible and profit-yielding by the monopolies. Wars like those in Korea and Vietnam and the monstrous military postwar expenditures are not accidental. The military spending of the United States totalled nearly 400 billion dollars in the last five years. For the fiscal 1974-75, the amount allotted for defence is 85.2 billion dollars, the biggest military budget in 198 years of US history. It will swallow up almost 30 cents out of every US taxpayer's dollar.[8]

Britain's military budget for 1973-74 was 4338.3 million pounds. It exceeds the previous year's by 523 million. France escalated its miliary expenditure in 1973 to 34, 800 million francs, by 11.8 per cent compared with the previous year. The Federal Republic of Germany's military budget for 1973 of 26,500 million marks was six per cent higher than the preceding year.

The total annual expenditure of the United States, France and Britain, three permanent members of the UN Security Council, reaches a staggering figure of 100,000 million dollars. These huge military outlays act as stimulants of the capitalist economy and keep it going for a time on terms dictated by the monopolies. Lyndon Johnson's Vietnam war with the cry of guns and butter—with the latter disappearing—was part of this exercise. Space shots, sophisticated nuclear armaments and the like bolster the industrial military complex which determines the shape and dimensions of the economy.

## *Keynes on Wage Policy*

Constant stimulation of the economy and inflationary tendencies go together. High prices of consumer goods and necessaries of life, heavy taxation and slash in real incomes are facets of state-monopoly regulation. The state now directly intervenes to channelize increasing profits into the coffers of the monopolists. The contradictions sharpen between the growing requirements of the forces of production and the outmoded relations of capitalist production, and between the falling living standards of the people and the enormous profits of the monopolies on the manufacture of more weapons of nuclear-bacteriological warfare for the genocide of the people of Asia and Africa.

Inflation therefore is a built-in component of the state-monopoly regulation of capitalist society. It is inherent in the present-day relations of production—a specific way of extracting additional surplus-value from the working class. It is a deliberate and systematic robbery and a forced redistribution of national income in favour of the monopolies. At a certain stage it becomes counter-productive, as it accumulates fictitious capital and hinders the accrual of real capital. In practice it also turns out to be the easiest method of appropriating additional surplus-value without a direct wage-cut. The organized working class would not easily put up with a direct attack, the reformist trade union leadership notwithstanding. Once again, Keynes has laid down the guiding line: "In fact, a movement by employers to revise money-wage bargains downward will be much more strongly resisted than a gradual and automatic levelling of real wages as a result of rising prices".[9] He continues :

> Except in a socialized community, where wage policy is settled by decree, there is no means of securing uniform wage reduction for every class of labour. The result can only be brought about by a series of gradual changes, justifiable on no criterion of social justice or economic expediency and probably completed only after wasteful

> and disastrous struggles, where those in the weakest bargaining position will suffer relatively to the rest. A change in the quantity of money, on the other hand, is already within the power of most governments by open market policy or analogous measures. Having regard to human nature and our institutions, it can only be a foolish person who would prefer a flexible wage policy to a flexible money policy . . .[10]

The monopolists have a very good understanding of "human nature" and have not been slow in following Keynes's excellent practical advice. It is therefore not surprising that a crisis of overproduction makes its appearance in the midst of rising prices. The usual stimulation has been employed but does not produce the expected reaction.

### *Out of Control*

The havoc played through such an indirect attack is summed up thus:

> Only a few months back a loaf of bread cost 50 cents and that was considered fantastic. Now it is gone upto 60 cents, and by the end of the year is expected to reach 1 dollar. The price of sugar has jumped up 43 per cent, cheese by 41 per cent, flour by 43 per cent and rice by 50 per cent... And next week subway fares will be nearly doubled to 60 cents . . . Newspapers cost more and postage and telephone rates are up. Run-away inflation with no end in sight is America's enemy number 1.[11]

Now inflation has gone out of control. The monopolists fear that they will be hoisted with their own petard, and the economy driven to a breakdown. They are equally afraid of taking anti-inflationary steps for fear of sudden deflation and collapse of production.

State-monopoly regulation also includes high taxation. In advanced capitalist countries, about 40 per cent of the national income is redistributed through taxes as against 15 to 20 per cent before the Second World War. In the United States indirect taxes brought the exchequer 10,500 million dollars in 1960 and 27,300 million dollars in 1970. The indirect tax is imposed on the most essential commodities. Excise duty on the retail price of sugar, for instance, comes to 17 per cent in the Federal Republic of Germany, 26 per cent in Britain, 35 per cent in Italy, and 39 per cent in Japan.[12] The taxation system is also a means of redistributing surplus-value and intensifies the contradiction between the relations of production and the productive forces.

The built-in character of inflation shows that the crisis is not only cyclic but that the basic causes are operating far more strongly than ever since the end of the war. All the contradictions of the present period have come to a head, finding acute expression in the crises. The inflationary and other stresses and strains in the capitalist world are the direct consequences of the changing correlation of forces in the world capitalist market marked by the shift in the economic strength of the USA relative to other imperialist rivals. The gradual end of absolute US domination of the trade and economy of the capitalist world, the desperate efforts to retain this position and the counter attacks of the rivals, culminated in the monetary convulsions of recent times, characterized by trade wars, currency devaluations, enforced revaluations and floating rates.

## *Dollar Domination and Monetary Malaise*

American domination in the world monetary affairs was underpinned by the Bretton Woods Agreement of 1944. Its two postulates were the supremacy of the dollar as the reserve currency of the world and the fixed parity of exchange of other currencies with the dollar. The American monopolists used this advantage with such lack of scruples that they brought about a division of the world capitalist market into currency zones, forcing rival capitalists of other countries to curtail import of American goods. They also entered into cut-throat competition on the world market. The dominant position of the USA on the world market could not last for ever. By the end of 1960 the gold drain from the USA became a flood and carried the dollar to its worst disaster.

The Bretton Woods Agreement had ensured a fixed parity of exchange rates and the overvalued dollars had to be accepted by other countries leading to inflation of their own currencies. Lyndon Johnson's aggresive war in Vietnam, continued by Nixon in pursuance of America's aim of global domination and the immediate objective of bolstering the American economy, gave the most powerful impetus to the world inflationary process. Excess dollars generated by heavy US spending flooded the markets of western Europe. The efforts at continued American domination gave an additional impetus to the inflationary spiral under state-monopoly capitalism. The successive devaluations of the dollar, the monetary convulsions and the attempts to make new international arrangements on the basis of the Special Drawing Rights (SDRs) heralded the end of dollar domination as a result of intensive imperialist rivalries and change in the relative strength of the contestants.

The series of monetary crises show that the rival imperialist and capitalist states are unable to cope with the problems created by growing internationalization of economic life. Whatever temporary arrangements they make will repeatedly break down under the pressure of their own rivalries. The monetary strategy of the monopolists consists in co-ordinating policy on foriegn trade and currency so as to unite rival imperialisms in their drive for exploiting the rest of the world. It has already led to a conflict between the developed and underdeveloped countries on the question of SDRs. Recently Y B Chavan, India's former Finance Minister, gave strong expression to the dissatisfaction at a meeting of the Commonwealth countries where he criticized the rigid arrangements under the SDRs. The crisis of the capitalist system is bound to sharpen the imperialist rivalries and uproot monetary arrangements between rivals, leading to more intense monetary crises.

The oil crisis has further fuelled the inflationary process. Bourgeois writers and imperialist apologists present the oil crisis as an extraneous occurrence unconnected with the system of imperialist exploitation and state-monopoly capitalism. The oil problem which has added to the difficulties of the capitalist system is the direct result of the collapse of the old colonial system and the imperialist failure in replacing it by neocolonialism. The disappearance of the old system has gradually emboldened the rulers of newly liberated countries to exercise their sovereign rights in relation to natural resources by curbing the monstrous foreign exploitation. It is thus the result of one of the contradictions of capitalist imperialist society and cannot be isolated from it.

## *Oil Bills*

This contradiction coming to a head at this moment is bound to widen the balance of payment gaps of a number of advanced capitalist countries and further exacerbate the crisis. Accustomed to exploit the oil resources of the underdeveloped world, the monopolists of these countries find their profits drastically affected by the prices demanded by the oil producers. Hence the hullabaloo. The extent of the danger can be imagined from the fact that the overall deficit of industrial capitalist countries may total, according to the Organization for Economic Co-operation and Development (OECD), 30,000 million dollars. According to one calculation, the western consuming countries are paying 60 billion dollars a year with the mark-up in the price of oil from 2.29 dollars per barrel to 11.65 dollars during the past two years. And unless the western monopolies come to terms with the oil-producing countries the balance of the payments will continue to be upset and the crisis worsen. In typical gunboat diplomacy style, American imperialist spokesmen are posing threats of military occupation of the oilfields. In any case, they are forging an alliance of western imperialist customers against the oil countries.

It should be remembered that all these years the oil companies were piling up enormous profits after making nominal royalty payments. *Le Monde,* the Paris bourgeois paper has calculated that out of sales worth 117,000 million dollars, the oil-producing countries got only 13,000 million. The rest was pocketed by the refining companies and distributing agencies.

Long before oil prices were increased, prices of a number of commodities including those required by the oil-producing countries were rapidly rising on the world market. According to the IMF Report,

> ...focus on the oil price rise should not be permitted to overshadow the fact that exceptionally large price increases occurred throughout a wide range of commodity categories during 1973 and early 1974. While no single one of these involved a trade magnitude approaching that of oil, many are nevertheless highly important in themselves and some (e.g. zinc, sisal, rice, wheat and free market sugar) have been subject to price increases of an order resembling or exceeding that of oil price.

The spokesmen of the imperialists often attribute the recession to the rising cost structure following the hike in oil prices. This is not correct. To quote the IMF Report, "Even before the abrupt change in the oil situation late in 1973, a marked slowing of output expansion in the industrial countries was clearly under way and was expected to extend into the first half of 1974."

### *Making the Most of Economic Confusion*

The western oil monopolists have unscrupulously raised the price of petro-chemicals by 300 per cent, synthetic rubber by 100 per cent and petrol by 40 to 80 per cent though the cost of crude is only a small part of the ultimate product. The bulk of the price of those products consists of refinery profits and state taxes. For instance, state taxes constitute 50 to 60 per cent of petrol price. If the big oil corporations would only reduce their superprofit margins, these price mark-ups could easily have been avoided.

The Interior Minister of Iran, Jamshed Amarasafar stated the position of oil-producing countries in the following terms:

> We believe in a moderate increase in the rate of royalties, to be taken away from the profits of the oil companies and not to be transferred to the consumer... Balance sheets that you see every quarter from the oil companies speak for themselves perhaps going up to 80, 85, 90 per cent. Therefore our intent is to take away some of the profits from the oil companies without a penny to be transferred to the (cost of the) consumers.[18]

At the same time, it is a fact that the oil prices are violently disturbing the economies of a large number of underdeveloped countries. India will have to foot an additional bill of Rs 800 crores which is bound to bring its economy to breaking point. Except in the case of a few "Islamic countries", perhaps no distinction is made between underdeveloped and developed countries in relation to oil price. Deferred payments, loans on easy terms, and joint concerns are being talked about. But these will not do away with the fuelling effect of the oil price hike. The crisis in these countries will also be intensified.

### *Petro-dollar Threat*

The accumulation of petro-dollars by oil-producing countries has created a situation of extreme uncertainty for the capitalist monetary system and its working. It is an irony of fate that a number of backward countries, hitherto among the most exploited, should raid the inner sanctums of imperialist high finance and threaten the stability of its banking and monetary structure. Yet this is what is happening. The assets of the oil-producing countries in 1972 totalled 15,000 to 17,000 million dollars. Any movement of these deposits and short-term liabilities in pursuit of hot money gains threatens the stability of the monetary system. Now it is estimated that these countries may add to their liquid resources 40,000 to

50,000 million dollars every year, giving them a whip-hand in international monetary affairs. Never before has the world of imperialist high finance faced such a contingency. No wonder some American spokesmen are raising the bogey of a 'red' take-over under the impact of the oil crisis.

How do the imperialists prepare to meet the situation? They know that these billions of dollars are for the most part not owned by the exploited masses of the oil countries, but by the kings, shahs and sheikhs—the feudal or capitalist vested interests. The imperialists are trying to draw them into the process of exploitation of other countries by 'aid' through the International Bank and other agencies. They are also selling the oil-rich principalities billions of dollars worth of military equipment to arm them against their own people or friendly peaceful countries.

The most critical problem facing Japan, Britain, France, West Germany and Italy is how to recycle the avalanche of petro-dollars. They hope to achieve it by offering to build factories and above all, by selling arms. France, for instance, has signed a four-billion-dollar contract with Iran to sell a nuclear reactor, steel plant and Mirage jets. Through threats of reprisals, pressure to lower oil prices coupled with offers of profitable utilization of petro-dollars in the exploitation of other countries, the imperialists intend to meet this problem. In spite of these strategems and the opportunism of the rulers of the oil-producing countries, the contradiction will certainly create further imbalances in the capitalist economy.

### *Science and Technology Make It Worse*

There is another factor which has accentuated the crisis and led to a sharp conflict between the development of productive forces and the relations of production. The progress of the scientific and technological revolution in the developed capitalist countries, with US in the lead, has created an extraordinary situation, opening up immense possibilities for developing production and rescuing humanity from the curse of poverty. But in the monopoly-dominated capitalist societies, the advance of this revolution results only in huge profits for the monopolies and unemployment for the workers : today, the threat of unemployment is second only to that of a nuclear war in the minds of young Americans. The uneven progress of this revolution in different branches of industry and agriculture leads to further chaos and heightens the contradiction. The huge investment required for research and development in present-day conditions only helps the monopolists and the state which finances them. Society, as such is unable to benefit from the gigantic scientific development unless it gets control of the state itself. In the socialist countries, the scientific and technological revolution has resulted in rapid innovations without creating unemployment, disproportions or conflicts between the productive forces and relations of production. The uneven spread of this revolution in the different imperialist countries also intensifies their competition: they vie with each other to hasten it exclusively within their own frontiers, leading to further exacerbation of the crisis.

The scientific and technological revolution further sharpens the contradictions between the developed and the backward countries which are now being asked to produce semi-processed goods and to employ the outmoded techniques rejected by the former. It further creates chaos in the disproportionate development of certain industries because it can be applied only to the most monopolized sectors and not as a part of overall social planning.

Curiously enough, recent advances in technological progress enhancing efficiency in production and construction are leading to shorter reproduction circles, more frequent disturbances in production and quicker succession of downward and upward movements. As equipment becomes obsolete in a short time, rapid replacement becomes necessary and provision is made for it under state-monopoly capitalism. The renewal of fixed capital at shorter intervals provides the impetus for the upward push. But inability to utilize the full productive forces brings about a downward movement again. The cycle of stagnation and advance becomes shorter, inflicting innumerable hardships on the people.

## *Socialist System Forges Ahead*

The economic crisis is gathering momentum in the midst of an intensification of the basic contradiction of the present period, namely, that between the socialist and the imperialist camps. The military defeat of the US in Vietnam, the forceful emergence of China on the world arena through admission to international bodies, its growing economic strength and the tremendous advance of the socialist countries as a whole have combined to make a powerful impact on capitalism. In 1963, the socialist countries accounted for about two-fifths of world's total industrial output. The Soviet Union, on its own, exceeds the combined production of three major developed capitalist countries, Japan, Federal Republic of Germany and Britain. Between 1950 and 1973, industrial output in the socialist countries increased more than 8.5 times and in developed capitalist countries only about 3.2 times.

The advance of scientific and technological revolution in the Soviet Union and its capacity to use it fully in the interests of the people have further weakened the capitalist system. Thanks to this amazing progress, the Soviet Union and other socialist countries are in a position to make their influence felt in international affairs, help the underdeveloped countries build their economies and stand up to the imperialists. The growing strength of the rival social system has weakened world capitalism and hampers the capacity of the imperialist powers to pass on easily the burdens of their crisis to the peoples of the Third World.

## *Third World Resistance*

The virtual collapse of the old colonial order under which the satellite countries could be made to shoulder the crisis burden of the metropolitan countries creates yet another obstacle in the way of imperialism

Political freedom and capacity to manoeuvre between the two worlds, together with the desire of many sections of the indigenous bourgeoisie to develop their independent economies impel them to resist imperialist attempts to palm off the burden of the crisis.

This is already seen in the tug of war between the oil-producing countries and the oil corporations. This kind of resistance would not have been possible but for the strength of the socialist world and the virtual collapse of the colonial order. The result is a prolonged and intensified crisis. However, it does not mean that the imperialists do not succeed at all in victimizing the underdeveloped countries in the course of the crisis. The opportunist governments of most of these countries have kept their economies linked with the western capitalist world with the result that the crisis has brought untold misery on their population.

Addressing the joint annual meeting of the World Bank and the International Monetary Fund, McNamara, World Bank President said, "Any single economic event in the past year such a worldwide inflation, the increase in oil prices, or a slowdown in the growth rates of developed countries would have had a serious impact on the developing world. In combination, the economic effect on some nations had been a near disaster." This is the situation despite the shortage of raw materials and rise in their prices which are supposed to benefit these countries. Devaluation, high prices and inflation combined to rob them of their opportunities and resources. Already groaning under the burden of foreign debts some of these countries have suffered intensely from the crisis.

### *Class Confrontation*

Recession and inflation are igniting resistance from the working class of the advanced capitalist countries. Between 1946 and 1960, 150 million workers participated in strikes; between 1961 and 1962, however, the figure was 550 million. In 1972, 43 million workers joined strikes and other mass labour actions; in the first nine months of 1973, the participants numbered 43 million.

The working class bars the way to direct attack on wages to solve the crisis at its expense. It has become one of the biggest headaches of the capitalist class, which has been resorting to inflation to achieve the same ends.

Gone are the days when supply and demand determined the wage. Gone too are the days when, during recession, mounting unemployment enabled the capitalists to impose massive wage cuts. The so called Phillips Curve no longer operates. Even during recession, the workers refuse to accept a direct wage cut. Besides, the capitalist states are compelled to accept responsibility for the unemployed.

### *Imperialist Rivalry*

What are the remedies suggested? First, every economist or politician cries for some kind of international mechanism to keep the economies going by the control of prices and of inflation. By international regulation they of course mean regulation by imperialist powers, the advanced capitalist countries.

Hence we come face to face with another contradiction of capitalist society which manifests two opposing tendencies: the growth in internationalization of economic life; and intense national rivalries among imperialist powers. The first demands that there should be a common effort to save the system; the second that it be made at the expense of other states. Hence, inspite of international conferences, finance ministers' meetings and the like, nothing tangible emerges to check the rake's progress.

The Basle meeting of the Governors of the Central Banks of the advanced countries in September and the Paris meeting of the monetary authorities of The Six reveal the same incapacity to strike a common path. In a month of threatened crisis and banking failures, the Basle meeting only gave some general assurances but no global guarantee by Central Banks as a group to avoid the experience of recent bank crashes.

The keenness to profit at each other's expense was further noticeable at the Paris meeting. Convened to establish a joint policy to overcome common economic problems, the monetary Czars failed even to patch up their differences. Some countries wanted to adopt restrictive practices for controlling effective demand; others wanted to push domestic demand to avert recession. The better-off were bent on maintaining economic growth rates and employment levels while combating inflation: they wanted to manipulate currencies, now that the Bretton Woods restrictions were inoperative. In addition to this polarity, a spirit of competition was evident for attracting huge oil funds to the capital markets to strengthen the exchange rate of their national currencies. This is the real face of imperialist competition as absolute U S domination came to an end. The capitalist countries are utterly incapable of developing a common international solution for the crisis of the economy.

## *Stop-Go Dilemma*

At the same time, the ruling classes are also hampered internally. The various austerity programmes, budget cuts and anti-inflationary devices have one objective in common: deprive more and more workers of their jobs and incomes without any responsibility for the state to feed them. But it is precisely here that the ruling class is afraid of making further moves. Under the welfare state and national insurance schemes any increase in unemployment in the advanced countries will have to be compensated by the state which would mean massive public expenditure feeding inflation. At the same time, there is no escape from inflation if unemployment is to be held down. This is the dilemma. Paul Samuelson of the Massachussetts Institute of Technology poses the same question when he writes:.

What is not academic is the more relevant debate going on behind the scenes of official line : would it not be desirable, in the interests of keeping inflation from accelerating, to countenance and even contrive slow US growth for two or three years, so that unemployment will remain above the $5\frac{1}{2}$ per cent level? Even if desirable, is such austerity feasible in the present American political environment?[14]

The bankruptcy of the capitalist society cannot be spelt out more clearly. Less than 6 per cent unemployment is looked upon as a curse which they must contrive to increase. Full employment is no longer mentioned: in its place have come suggestions for deliberately-manipulated unemployment on a larger scale.

### *Possibilities and Dangers*

It is obvious that for a permanent end to the crisis, the only way is for the working class to take over the state, socialize the means of production and abolish the capitalist system. However, the working-class struggle in these countries, in its consciousness and organization, has not yet reached a sufficiently advanced stage. The influence of the reformists and revisionists and a pathetic faith in peaceful parliamentary path continues to be the bane of the labour movement. The struggle in many countries does not go beyond demands for immediate democratic reforms and for restraints on the power of the monopolies.

Within these limitations, there are only two alternatives left. Either the working class and its democratic allies succeed in solving the crisis at the expense of the monopolists or the latter use force to solve it at the expense of the working class and the people. The former is the reasonable choice for the working class, but the reformist and revisionist leaders of the trade unions and political parties create illusions and mislead it down the path of compromise.

The working class will have therefore to direct its fire against the fusion of the state and monopolies, take steps to disband monopoly concerns, liquidate the multinationals, reform the taxation system and lower prices of necessities by reducing profit margins. This would mean complete democratic control over the banks and financial institutions and monetary policy in general. On the basis of such a reform it will be feasible to chalk out an international approach to the problem.

If the working class fails to achieve this, the monopolists will try to gain their objective by deflation, so-called anti-inflationary measures, or tax provisions aimed at reducing employment, imposing more work on the workers and cutting down production. If the working class puts up a fight, the ruling monopoly group will not hesitate to use force.

It is not accidental that extreme right-wing forces are already emerging in Italy, Britain and elsewhere. In hoary old England, ex-army officers have become bold enough to intrude into politics and appear as saviours of the country against the working class. Professors and intellectuals are openly voicing concern for parliamentary democracy in their countries. If the workers are defeated, or betrayed by their leaders—a strong possibility in Britain, for example—the crisis would be solved by imposing extreme misery and destitution on the working class. Where this does not happen, large class battles and decisive shifts in policies are more likely.

## *Effects on India: Familiar Trends*

The consequences of the world crisis are already visible in India which is being thrown into a recession, overproduction inspite of alleged 'shortages' and inflationary spirals. The economic trends follow the same path traversed by advanced capitalist countries where boom and rising prices are giving place to recession and collapse of production.

The situation in India was already grave, inflation having brought about a forcible transfer of value from the poorer to the richer classes. The rural areas had the worst of it, with millions of poor peasants and agricultural workers reduced to destitution, thus drastically cutting the market for industrial goods of mass consumption like cloth and other necessities. The crisis manifiested itself in shortages and higher prices of all kinds of goods and the simultaneous under-utilization of the productive capacities of factories in the public and private sectors. On the one hand high prices reduced the purchasing power of the people making it generally difficult for the country to exploit the full potential of plants recently built. On the other hand speculative activities and high prices created an image of shortage making it appear as if overproduction in relation to the people's capacity to purchase has not taken place.

## *Halt to Boom in Exports*

The inflationary boom in western countries gave an impetus to Indian exports for which the Government of India claims credit. The export figure of Rs 2450 cores for 1973-74 showed a growth of over 20 per cent the previous year. In 1972-73 exports had risen by more than 23 per cent over the previous year. In the April-June quarter of 1974 there was a 40 per cent rise compared to the same period in 1973. This remarkable increase in export returns was due to the sharp rise in international prices and therefore in unit value, not in the volume of exports.

It is clear that the boost in Indian export earnings is to be attributed to the boom in western economies. The recession, therefore, is bound to tell on India's exports and balance of payments. In the first place, the balance of payments position has been adversely affected by the rise in international oil prices and India is being forced to seek loans for oil imports. With the rise in the oil bills and the prospective fall in export earnings India will be forced to resort to more and more transactions on deferred payment basis and loans at exorbitant interest rates.

The alliance with the landed interests, the pampering of the landlords and the refusal to take possession of their hoarded grain stocks have compelled the Government of India to purchase foodgrains abroad at the inflated prices. It will surely worsen the balance of-payments and pile up foreign debts.

Now we are witnessing the beginning of a recession in India partly due to the slump in the world market and partly due to the loss of purchasing power by the people. One of the first commodities to be affected is raw silk. In the third week of October, newspapers reported that the fall in the market price of raw silk in the last few days had been of the order of Rs 65 per kg. for the highest grade as against the average pre-slump price of about Rs 345! The slump in prices is officially attributed to sympathetic reaction of the local market following the fall in the prices in the international silk markets. The other main reason was the credit squeeze by banks in respect of silk dealers resulting in a glut in the cocoon market as there was no offtake from the dealers.

## *Recession Syndrome in Industry*

The textile industry has also been hit by the recession. The Ahmedabad mills closed their night shift throwing out four to five thousand workers because of accumulation of stocks. The Buckingham and Carnatic Mills announced their intention to reduce production by 25 per cent because of the failure on the part of the retailers to lift stocks. While Ahmedabad mills had piled up different varieties of cloth, factories in south India reported accumulation of about 90 days' stock of yarn. Apart from the incapacity of the people to purchase cloth at these high prices, the credit squeeze—one of the so-called anti-inflationary measures of the government—has adversely operated in this sector and made it difficult for stocks to move.

According to the Indian Cotton Mills Federation, the delegation of the textile industry which met the Deputy Governor of the Reserve Bank of India in October expressed the fear that a situation is fast developing in which fully solvent mills with large reserves would be forced to curtail or stop their operations merely for lack of accommodation from banks to pay wages and to buy the minimum requirements of raw materials and stores.

While the mills have reluctantly agreed to reduce cloth prices from 25 to 40 per cent and resumed the third shift in Ahmedabad and the south Indian mills have also proposed to offer the accumulated yarn at 25 per cent lower prices to the handloom sector, the delegation stated, "the fact is that due to dramatic changes that have occurred in the credit situation and the market psychology, there is lack of confidence as also of finances with trade both of which are necessary for the buying to start."

Recession is also threatening the steel industry the products of which have been in short supply. Iron and Steel Controller, T Ghosh, stated in Bangalore on October 21, that the Centre might have to think of decontrol or partial decontrol within two or three months. He stated, "from all indications, people do not come to us for steel. When we make allocations, they are not lifted. In the light of these indications, the position of the steel sector is alarming." Ghosh stated that the credit squeeze has made it impossible for many consumers to lift their allotment. The steel plants had accumulated stocks amounting to 3.5 lakh tonnes. Hindustan Steel alone had piled up one lakh tonnes against allocations.

## *Left and Democratic Unity*

These are indications of a full-fledged crisis maturing in the wake of inflation and official attempts to curb it. The so-called anti-inflationary measures of the government in the shape of credit squeeze and other steps are only exacerbating the crisis and throwing its burden on the common man through increased closures and loss of employment. These are just the beginnings before a full-fledged crisis has broken out in the West. With the shortage of food and enforced grain imports, India will be more closely linked with the western economies, importing more inflation in the bargain. The indications are quite clear that the indigenous crisis is going to be ten times compounded by this economic dependence. A desperate effort is therefore under way to solve it at the expense of the masses and working people. The instrument of this solution is a direct attack on the living standards of the people, enforced starvation, barbaric terror as against the railway workers and erosion of every norm of democracy. The dangers to the democratic rights of the people under the stress of the crisis are real and cannot be ignored. Broad-based democratic unity—unity of the left and democratic parties—is essential to meet the menacing political and economic effects of the world crisis.

[1] Karl Marx, *Capital*, Vol III, Progress Publishers, Moscow 1966, p 249.

[2] *Ibid.*, p 250.

[3] *Ibid.*, p 244-245.

[4] Annual Report of the International Monetary Fund, Washington, D C.

[5] *Ibid.*

[6] National City Bank, *Monthly Letter*, March 1960, quoted by E Varga in *Politico-Economic Problems of Capitalism*, Progress Publishers, Moscow 1968, p 236.

[7] Victor Perlo, "Economic Problems of the United States", *International Affaris 4* April 1974 p 17.

[8] "An Indictment of Imperialism", *Problems of Peace and Socialism 5*, May 1974 p 162.

[9] J M Keynes, *General Theory of Employment; Interest and Money*, Macmillan, London 1967 p 264.

[10] *Ibid.*, pp 267-268.

[11] Iona Andronov, "Wall Street, Inflation and the White House" *New Times 36*, September 1974, p 8.

[12] K Vetrova, "Capitalist Countries: Exploitation by Taxation", *International Affairs 8*, August 1974, p 154.

[13] *Newsweek*, September 23, 1974.

[14] *Commerce*, August 24, 1974.

ARVIND N DAS

# Three Misconceptions about the State

IT was in dealing with widespread distortions of Marxism by petty-bourgeois ideologists that Lenin clarified the basic ideas on the historical role and meaning of the state:

> According to Marx, the state could neither have arisen nor maintained itself had it been possible to reconcile classes. From what the petty-bourgeois and philistine professors and publicists say, with quite frequent and benevolent references to Marx, it appears that the state does reconcile classes. According to Marx, the state is an organ of class *rule*, an organ for the *oppression* of one class by another; it is the creation of "order," which legalizes and perpetuates this oppression by moderating the conflict between the classes. In the opinion of the petty-bourgeois politicians, however, order means the reconciliation of classes, and not the oppression of one class by another; to alleviate the conflict means reconciling classes and not depriving the oppressed classes of definite means and methods of struggle to overthrow the oppressors.[1]

The petty-bourgeois lives on a small income and big myths. In order to alleviate the pain of its miserable existence it weaves, about its paltry world, delusions of greatness, misconceptions of glory, and pipe dreams of power. Sometimes, it even persuades itself into believing that it holds state power, and "philistine" professors, publicists and politicians belonging to this class strut about in illusory grandeur. Ordinarily, such antics are quite funny—though piteous—but, when society has temporarily been stunned into stupor by the crisis of non-growth, this shadow play becomes dangerous because it provides the *real* ruling class or classes the plebeian social base to perpetuate the existing regime for a little more time. To put it bluntly, it leads to fascism at the worst and confusion at the best.

In India today, in keeping with their historical role, representatives of the petty-bourgeoisie are making ludicrous and pathetic attempts to sow confusion about the real character of state power. Were it not for the fact that they are doing so in a period when the forces of change, for reasons not to be discussed here, have been thrown on the defensive, these attempts would have merely provided a comic interlude in our already farcical political goings-on. However, these attempts, coming as they do now, may prove to be rather dangerous and therefore merit serious notice.

It is difficult to keep track of the numbers and kinds of petty-bourgeois 'intellectuals' indulging in this game. For our purposes here we shall take two representative examples: a professor, K N Raj[2] and a politician, Mohit Sen[3]. In passing, we shall also examine the thesis of a publicist, Hamza Alavi[4] whose stand though slightly different from that of the other two, is just as likely to cause confusion.

## *Profile of Intermediate Regime*

It is a well-known fact that commemoration addresses are seldom heard. However, to pass off a book review as one such address is nevertheless quite a sleight-of-hand performed on an unsuspecting audience. In the case of the Kale Memorial Lecture at the Gokhale Institute of Politics and Economics, Poona, the legerdemain becomes rather apparent because not only did K N Raj pass off an appreciative review of Michael Kalecki's paper on "Intermediate Regimes"[5] as the address, but without ever actually saying it in so many words, he led the audience to come to the conclusion that he adopts Kalecki's categorization of regimes in countries such as India as being 'intermediate' and proceeded to discuss the feasibility of such regimes in the politico-economic sphere of their activities.

Without going into the merits of the method of presentation, a few serious questions emerging from this exercise must be examined:

1 What *are* 'intermediate regimes' ?

2 Can or do they function in countries like India?

3 What has led Raj to resurrect at this particular juncture the concept advanced nearly ten years ago by Kalecki in an obviously journalistic attempt at political theorization?

According to the Kalecki-Raj categorization, 'intermediate regimes' are governments in which the lower middle class and the rich peasantry can be identified as performing the role of the ruling class.

Such regimes have come into existence in many underdeveloped countries due to three specific conditions obtaining in them: the numerical dominance of the lower middle class at the attainment of political independence, the extensive involvement of governments in economic activity, and the availability to them of credits from socialist countries. Having come into being, in order to continue existing, these regimes proceed to provide for three necessary conditions: gaining a measure of independence from foreign private capital, carrying out land reforms and ensuring continuous economic growth. For these purposes such regimes can be politically viable in a situation where the state can, performing the role of 'dynamic entrepreneurs', undertake the basic investment necessary for economic development and promote a pattern of amalgamation of the interests of the lower middle class with state capitalism. K N Raj conceives of the lower middle class—or the 'intermediate classes'—as consisting of all those who have some income from property earned along with input of own labour, where such income is not large relative to the income from work. Further, he treats possession of certain kinds of knowledge and skills administrative, scientific, technical and so on (which, he claims, make it possible for the possessor to earn an element of quasi-rent, in much the same way as does the ownership of any other asset) as property taking a different form.

## *Intermediate to What?*

The very first question that arises is if the regimes are 'intermediate' then what are they intermediate to? The very concept of intermediacy presupposes, first, that the regime in question falls in between two distinct historical phases, and secondly, that it is transitional in nature. In other words, the nature of *state power,* which necessarily corresponds with the given historical mode of production, does not figure in the discussion. The question of the components of governmental machinery is gone into, which is essentially subordinate to and serves the interests of state power and therefore of the class or classes which control the corresponding mode of production. Raj is not willing to answer either of these questions because his 'intermediate regimes', by implication, cover such apparently different modes of production as obtaining in India and China, the first still based on the private ownership of property and the second obviously not. Thus, it appears that Raj's 'regimes' bear no relationship with modes of production, an essential requirement of any Marxist analysis of state power and regimes, and his "frequent and benevolent references to Marx" are merely a smokescreen behind which he tries to hide his petty-bourgeois academics.

## *Property without Transferability*

Even from a non-Marxist point of view, however, Raj's 'intermediate regimes' do not stand the test of reason. For, he has obviously based his 'regimes' on certain 'property-owning' classes much of whose 'property' consists of knowledge and skill. Students of economics—even non-Marxist economics—know that property is an asset whose chief characteristic is transferability: "Property is the accumulation of goods transferred from one generation to another".[6]

The question which then arises is whether knowledge and skill have this essential attribute of being able to be transferred from generation to generation to qualify as 'property'. Obviously not. Hence, the power which the intermediate class exercises is based not on its *ownership of property* but on the basis of its *function* in the production process. In his attempt to widen the numerical base of his intermediate regime—for on the numerical dominance of the lower middle class rests much of his thesis—Raj has conveniently ignored this essential attribute of property. Incidentally, if the concept of knowledge and skill as being 'property' is taken to be correct, why are skilled workers left out of the ambit of the 'propertied' ruling intermediate class? After all, the difference between an engineer and a skilled worker is essentially the difference between Institutes of Technology (IIT) and Technical Institutes (ITI)!

## *Classes on Collision Course*

Even if Raj's 'property' concept is accepted for the purpose of discussion, there are still many fallacies in his argument. He says, "All those who have some income from property, earned along with input of own labour, *and such income is not large relatively to the income from work,* may be included among..."the intermediate class". (Emphasis added). It is possible to understand from this characterization why the lower middle class then remains the *lower* middle class. However it is difficult to conclude how the rich peasantry, which becomes *rich,* and, in order to continue to remain so, presumably richer, largely by exploiting others, joins forces with the lower middle class. The rich peasant is definitely not an owner-cultivator-consumer peasant, but one who, by utilizing his property as capital and by exploiting the labour of others, accumulates more capital which he further invests in order to accumulate more. This is hardly congruous with a class whose income is derived largely from its own work.

Definitional problems apart, at one stage of his thesis Raj himself admits: "...the class composition of such intermediate regimes (analysed in terms of production relations) is likely to be heterogeneous to the point of there being very little in common among its two main constituents". More than just this, the fact that the rich peasantry produces foodgrains and farm produce in order to make profit from a market which includes the urban, salaried or generally fixed-incomed lower middle class makes the interests of these two classes not merely "heterogeneous" but also antagonistic if the lower middle class is in a situation where it can pursue its interests without let or hindrance. For, the character of the lower middle class is not such that its component sections—the petty bureaucracy and small manufacturers, merchants and moneylenders—can exist in society autonomously. Willy-nilly, this class follows the most powerful social class which controls the mode of production and political power. The lower middle class is merely the piper who plays the music: whoever pays, calls the tune. Distinct from this 'tagger-on' social group, the rich peasantry is a class distinguished by ownership over means of production, entering into definite relations of production and unable to exist either in a feudal or a socialist set-up. Only those who shut their eyes to such glaring differences between these two classes can visualize the possibility of their sharing state power on equal terms.

## *Nothing New in State Intervention*

What apparently unites these two classes in Raj's scheme is state capitalism, which, if it is not to arouse strong opposition, consists of investment in power, transport and communications, some industries like steel, coal, or fertilizers, possible nationalization of banking and other financial institutions, and perhaps extension of state enterprise even into wholesale trade. The question is not one of who controls the state bank or the state trading corporation or the state electricity board, but of who controls the *state.* It is not as if state intervention in economic activity is a phenomenon restricted to intermediate regimes. It is well known to students of economic history that the state has intervened in economic life ever since it came into being, no matter whether it was a state of slave owners, of feudal lords or of the capitalists. Leaving aside the question of how the slave owners' or feudal lords' state intervenes in economic life, let us take a few examples of the intervention of the capitalist state in economic life. Whether a capitalist state pursues a policy of free trade or of protective tariffs, of grabbing colonies or of contending for world supremacy, every such policy constitutes state intervention in economic life, which capitalist states have long practised in order to protect the interests of their bourgeoisie. State intervention is, therefore, not something new that has recently made its appearance in intermediate regime countries.

But perhaps what Kalecki and Raj refer to by "state intervention in economic life" is not these policies long practised by the bourgeoisie, but nationalization which occupies an important place in their scheme of things. In reality, from slave society onwards different kinds of state have had different "nationalized sectors of the economy." Therefore, the question to be clarified is the nature of the nationalization in each case and not nationalization *per se.* As Engels said in his *Socialism: Utopian and Scientific,*

> In any case, with trusts or without, the official representative of capitalist society, the state will ultimately have to undertake the direction of production. This necessity for conversion into state property is felt first in the great institutions of intercourse and communication —the post-office, the telegraphs, the railways . . . I say "have to."[7]

It is clear, therefore, that state intervention in economic life or state capitalism is in no way a feature peculiar to intermediate regimes, and that by this feature itself such regimes are by no means distinguished from the rule of other propertied classes. The point is whose interest such state capitalism serves.

## *Lower Middle Class Interest*

Raj has himself talked about the possibility where economic measures undertaken by the intermediate regime state instead of arousing opposition by the larger private enterprises (the big capitalists) may even get "embarrassing support" from them, and about the "partial alliance" between the intermediate regimes and the upper middle class. Put in simpler terms, this only means that as long as state capitalism does not step on the toes of Big Business, the latter will turn it to use. How the lower middle class uses state capitalism—as the ruling class which controls state power in alliance with the rich peasantry—to further *its* own interest is not at all clear.

"In three ways!", exclaim the protagonists of the intermediate regimes. By following price policies which "in effect subsidize one segment or the other of the ruling class and its main allies"; by "the state acting as dynamic entrepreneurs" and, by its pre-eminent role in the economy, ensuring "continuous economic growth,"; and, lastly, by "the rapid development of state enterprises (which) creates executive and technical openings for ambitious young men of the numerous ruling class".

We shall first see what exactly KN Raj has to say in connection with the price policies followed by the intermediate regimes. He says,

> A common experience is that the more 'basic' the investment undertaken by the state, the lower generally is expected to be the price charged for the product relative to the price that might be fixed by the usual economic criteria. *This is a reflection of the biases of the ruling class,* in the sense that it tends to judge the comparative advantages of the system to a large extent in terms of prices alone . . . (Emphasis added).

This surely speaks a lot for the *mentality* of the lower middle class but hardly for the pursuit of its *class interest* as the ruling class. The examples given make matters only worse. "Whether it is irrigation water, electricity or steel the main argument against a higher price is that it would hurt "the small man." It is not clear even after this elucidation how the lower middle class pursues its class *interest* in this manner.

## *Self-Defeating Price Policy*

One commodity wherein variation in prices does affect the class interest of the lower middle class is foodgrains. But, in this case we are informed by Raj that since

> it is in the interest of the rich peasants to secure as high a price as possible for their marketed surpluses; and, therefore, even if agricultural growth is rapid enough to prevent prices rising and being maintained at high levels, political pressures develop from this quarter

> for price support operations by the government to keep prices high... what is usually achieved in practice is only the maintenance of a floor price at a level high enough to suit the interests of the larger producers, leaving them the option to sell the produce at much higher prices in periods of shortage.

How does this policy help intermadiate classes, when it seems to be actually going against their interest in favour of that of their *allies*, the rich peasants? Does a regime serve first of all the interest of the principal ruling class or of its allies? We scratch our heads in puzzlement. But no, Raj has an answer to this one. "Since" he says, "it would be impolitic to pass on these higher prices to the lower middle class (and the workers) in the urban areas, the system ultimately ends up in the state having to provide large subsidies." Fair enough. Only whose is the state? Has it not been said that it belongs to the lower middle class (and the rich peasants)? Peter robbing Peter to pay Peter would perhaps aptly describe the operation of the price policies of the Kalecki-Raj intermediate regimes ! (Paul, who is left out in this equation is the agricultural semi-proletariat).

### *Economic Non-growth*

The state capitalism of these intermediate regimes is also supposed to play the role of "dynamic enterpreneurs" and "assure continuous economic growth". But, unfortunately, because of the constraints imposed on these 'regimes' by the necessity of "partial alliance" with Big Business and because of the paradoxical and in the end self-defeating price policy, "very little investible surplus is likely to be thrown up by state capitalism under these conditions; and a stage might be reached fairly soon when it is either wholly or largely dependent on foreign aid for its expansion or becomes stagnant".

Besides, it is well known that in a system which operates on the basis of private enterprise, state or bureaucrat capitalism is by its very nature subservient to private capital and sterile. Thus, the two alternative end products left are: economic stagnation, and increasing dependence on foreign aid. How either of these two can be reconciled with the two necessary conditions (continuous economic growth and independence from foreign capital) when intermediate regimes become "politically viable," is obvious to only those who feel that the relevance to India of these regimes "needs hardly to be mentioned."

### *Clerk Power?*

Thus, is seems, the only positive contribution of these intermediate regimes and their state capitalism is the provision of "executive and technical openings for ambitious young men of the numerous ruling class." On an empirical plane the contrary feature of large-scale unemployment among the "ambitious young men of the numerous ruling class" is proof enough of the executive and technical openings for them and of the relevance to India of the intermediate regimes which "needs hardly to be mentioned"!

On a theoretical level, this brings up the question of whether the manning of governmental or technical posts by ambitious young men of a particular class means that the same class also performs the role of the rulers by exercising control over state power. In this connection, it needs to be remembered that there is a distinction between the state and the government. The state is the political expression of economic power, its concentrated form, which, through the exercise of its *apparatus*—the army, police and bureaucracy, in one word, the government—enforces the rule of the economically dominant class or classes. For this purpose, the state uses as cannon-fodder or pen-pushers "ambitious young men" of all sections of society.

Recruitment is not restricted to the ruling class or classes. And, in order to retain these recruits in service, they are allowed to entertain the illusion that they constitute the ruling stratum. In pre-socialist society where private property exists—as it does in the hypothetical intermediate regimes—in the control largely of the upper middle class and the feudal class who have found land reform "open to evasion" (and, to an extent, the rich peasantry), what is the power of the regime over private property? The regime (the state) has only the illusion of being determinant, whereas it is in fact determined; it does in time subdue private and social wills, but only to give substance to the will of private property and to acknowledge its reality as the highest reality. If the state power is controlled by the unabolished feudal and upper middle class private property interests, what chance does the clerk or the technician—ill or well paid—have in sharing the fruits of power?

### *Opponents at the Top*

The only argument now remaining for the political viability of intermediate regimes is that the antagonists of their ruling classes do not throw them away. These antagonists are: "from above, the upper middle classes allied with foreign capital and the feudal landowners; from below, the small landholders and landless peasants, as well as the poor urban population—workers in small factories and unemployed and casually employed, mainly migrants from the countryside in search of a source of livilihood". Kalecki and Raj think that the white-collar workers and the not very numerous workers of large establishments are frequently, especially when employed in state enterprises, allies of the lower middle class rather than its antagonists.

Neither this analysis, nor the reasonss Kalecki and Raj advanced for the attitudes of these classes are in any way convincing. On the one hand, they speak of a "partial alliance" between the upper middle class and their intermediate classes and on the other, of a relation of antagonism between the two. Consistency is one aspect which the Kalecki-Raj formulation does not possess in any appreciable measure. However, Kalecki does make a distinction between the "comprador" and national sections of the upper middle class; for Raj this distinction does not exist. Hence, while Kalecki's intermediate regimes have a relation of antagonism with the "comprador" section, they receive support from the other. Raj has nothing particular to say on this subject.

As for the feudal landowners, neither Kalecki nor Raj advances any plausible reason for their antagonism to the intermediate regimes, since, according to both, adequate scope is available under these regimes for the feudals to retain their economic power, though their political power does not seem to be of the same measure as before.

The inevitable, increasing dependence on foreign aid to maintain some economic growth without radically altering the institutional structure of these countries where intermediate regimes operate is a fact both Kalecki and Raj encounter. However, both stubbornly refuse to see the point and carry on asserting that the regimes will go on pursuing anti-imperialist programmes.

Since both Kalecki and Raj confuse the question of *state power* with that of *form of government*, which is what their intermediate regimes essentially are, they are not prepared to see the possibility that the coalition of imperialists, their agents, the "comprador" capitalists and the feudal lords may have themselves installed or patronized this form of government for *their* own ends, and that, therefore, there may not be any real hostility between these forces and their instrument: this is the reason why the instrument is not replaced by the real rulers. It is the only explanation for the apparently impotent antagonism which these powerful forces exercise against the inherently weak and unstable intermediate regimes. So much for antagonism from above.

### *Allies at Lower Levels*

As for the Kalecki-Raj contention that the urban workers employed in large establishments, and particulary in the state sector, are allies of this government, the recent instances of widespread industrial unrest in such establishments are enough to explode any illusions. It is in any case inconceivable that the working class, especially the organized sections of it, can become the allies of a regime which does not seriously endanger property interests in an underdeveloped country. The formation of a "bourgeoisified" labour aristocracy fed on superprofits looted from colonial exploitation is possible only in imperialist countries. The reason for the non-opposition, or more correctly, ineffective opposition, by the working class to the regimes installed by the ruling class or classes is the one advanced by Kalecki and Raj to explain the behaviour of the unorganized urban and rural poor, namely, the lack of correct understanding of the situation and of genuine revolutionary organization. The day these become realities, it is correctly implied in the Kalecki-Raj thesis, such camouflaged governments are doomed.

### *Sense of Timing*

Given these results, arrived at after an examination of the Kalecki-Raj formulation, the question arises as to why Kalecki made this formulation in the first place and why Raj has chosen this particular time to resurrect it. Suffice it to say that it is a known gambit for petty-bourgeois intellectuals to time and again suggest that the regime in existence in non-socialist countries is benevolent and looks after the interests of many classes. In this instance we have the "numerous" lower middle class and the rich peasantry directly; as allies come the industrial workers and white-collar workers in the large enterprises, particulary in the state sector; the "upper-middle class" through "partial alliance"; the feudal elements by allowing them the scope for retaining their economic hold through evasion of land reform measures undertaken on paper; and the imperialist and "comprador" interests by putting up mock fights against them while really being dependent on them. On the one hand these intellectuals do this. On the other, they flaunt at the oppressed rural and urban poor the strength of the state apparatus. This is not the first time in history that such a formulation has been made. The history of the efforts of petty-bourgeois intellectuals in Germany and Italy on the eve of the Fascist dictatorships bear testimony to this.

In discussing the formulations of intellectuals who are apt to make "frequent and benevolent references" to the Marxist texts, Lenin had this to say:

> The main thing that socialists fail to understand and that constitutes their short-sightedness in matters of theory, their subservience to bourgeois prejudices and their political betrayal of the proletariat is that in capitalist society, whenever there is any serious aggravation of class struggle intrinsic to that society, there can be no alternative but the dictatorship of the bourgeoisie or the dictatorship of the proletariat. *Dreams of some third way are reactionary, petty-bourgeois lamentations.* [9] *(Emphasis added).*

## II

Mohit Sen, a leading theoretician of the Communist Party of India, sets out to draw the distinction between his party's position and that of Raj. "Out of deep personal respect and affection", Sen offers "A Comment". This provides a good opportunity for studying the two positions in order to examine similarities and differences.

It is clear from a study of the "Comment" that Sen, like Raj, has not quite grasped the essential meaning of the state. Both delink political authority from economic power and do not realize that the state is essentially the coercive expression of the general will of the property-owning classes and cannot really be studied in isolation from the mode or modes of production to which it corresponds. Since both make the same error, it may lead the reader to conclude that they are saying more or less the same thing, the difference being not much deeper than the semantic difference between "national bourgeoisie" and "middle class".

Sen starts off with some points of divergence. He wishes Raj had not woven his theme around the essay of Kalecki; he should instead have woven it around the "more worthwhile and profound attempts to state the problem with the use of Marxist-Leninist methodology" found in the works of Soviet scholars like Ulyanovsky, Levkovsky, Mirsky and others. When it comes to 'Intermediate Regimes', Sen is more interested in utilizing the opportunity to justify his party's stand than in critically examining Raj's thesis. Thus, a substantial portion of his 'Comment' is devoted to stating, explaining and justifying the position of the Right Communist Party.

### *Capitalist and Intermediate?*

First, Mohit Sen announces, "To put one issue out of the way ... let it be said that in my view India today is not an intermediate or transitional regime...In India a capitalist state directs the country along the path of development and has been doing so since the past 25 years." So far so good. For once it seems we are not faced with a pronouncement which is intertwined, ambiguous or shifty. However, a few paragraphs later "another very serious deficiency" in Raj's formulation is pointed out: the omission of "the link between the struggle in our country for national democratic revolutionary transformation and the worldwide revolutionary process." Indeed, he goes on, "any discussion of intermediate or transitional regimes has to take into account the...increasingly decisive role played by the Soviet Union and associated socialist states". So it seems that in order to assert the increasingly important role played by these states and the USSR in India's economy and politics, Sen is compelled to go back on his previous assertion and has to label India an 'intermediate' (or transitional, if you will) regime.

A point which follows from this interesting characterization of a blandly capitalist regime as an intermediate or transitional regime is that if the existing regime is itself transitional, what is the CPI struggling for ? Mohit Sen informs us, "...the whole point of revolutionary activity in India today is to clear the way to the establishment of a transitional regime—transitional to socialism". Either the regime in our country—propped up as it is by, among others, the Soviet Union and 'associated' socialist states—is not transitional at all, or it is transitional to something other than capitalism or socialism, say feudalism. Otherwise, there is no point in the "revolutionary activity" as that indulged in by the CPI. Neither do Sen's 'interwined' formulations make any sense.

### *Dreams of Power-sharing*

The Right Communist Party's confusion and self-contradiction is further revealed in a statement by one of its leaders, N K Krishnan, according to whom "the class significance" of the CPI's line of unity and struggle is summed up by the Cochin Congress Political Resolution which proclaims:

> The national democratic front cannot be built without steadily and progressively building up and strengthening the role and weight of the working class and of the worker-peasant alliance...This is how the working class and its party play their role in building up the front and dislodging the bourgeoisie from *exclusive control* of the state power.[10] (Emphasis added).

In other words, in this period, which Krishnan says, is marked by "a slowing down of economic growth, deadlocks, even *crisis* in the economic life of the country", the "class significance" of his Party's tactical line is to try to end the *exclusive* dictatorship of the bourgeoisie, and to get for the working people a *share* in the state power. The absurdity of the scheme of the CPI theoreticians of finding a third way, in which the proletariat and other working people in a period of crisis share state power with the bourgeoisie is in total contrast to Lenin's formulation which has been verified by historical experience.

## *Quotations from Bureaucrat-Militarists*

The lack of clarity about essentials often leads the CPI ideologues to raise extraneous and irrelevant issues which merely confuse their own arguments. An irrational anti-China attitude manifests itself in quite a few statements. Sen is distressed at the uncharacteristic lack of criticism with which KN Raj quotes some outlandish comments of official Maoism of the Lin Piao period. These "questionable quotations", he holds, come from the Maoist "bureaucrat-militarist" quarters. No comments are needed on Sen's preference for the works of various Soviet scholars to the writings of Mao Tse-tung, the leader of the Chinese Revolution, in deference, to the maxim: *De gustibus non est disputandum* (Tastes need not be questioned). One is only surprised to hear from a learned scholar of Chinese affairs and an avid China-watcher like Sen that the Lin Piao period started as early as 1939 and its high points were in 1957 and 1964. For, the "questionable quotations" which Raj uses are taken from *The Chinese Revolution and the Chinese Communist Party* written by Mao in 1939, "On the Correct Handling of Contradictions among the People", a speech made by Mao Tse-tung in February 1957 and from "On Khrushov's Phoney Communism and Its Historical Lessons for the World", an article printed in Peking in 1964.

Surely, the Lin Piao period did not start as early as that! Now that Mohit Sen has brought it up, it would not be out of place to raise objections when we find Raj putting in quotations from Mao and others in the footnotes as if to imply that China too has the 'intermediate regime' as he calls it. Let it be repeated too that the state in any particular country cannot be studied apart from the production relations prevailing in it. We have discussed in preceeding pages the fallacy of terming China an intermediate regime. Let us examine here if the characterization by

Mohit Sen of the Chinese political leaders as 'bureaucrat-militarist' is any more correct. If following Mohit Sen, we take it that the statements made by Mao and others in 1939, 1959 and 1964 emanated from bureaucrat-militarist quarters, it does not speak very well for the leaders of the Soviet Union (whose scholars are held in great esteem by Sen) that till after 1964 they (the Soviet leaders) were fraternizing in a comradely spirit with the so called bureaucrat-militarists of China.

### *Lacking in Analytical Judgment*

This brings us to the question as to why the same Chinese leaders who were Communists in the eyes of the Soviet leaders and of their followers like Mohit Sen are now characterized as bureaucrat-militarists. How did this transformation come about? It needs to be pointed out here that the term "bureaucrat-militarist" does not denote the property relations obtaining in a country. Hence, in using this term in relation to the Chinese political leaders, Sen makes the by now familiar mistake of divorcing politics from economics—the government from the state and state from the modes of production.

In their anti-China neurosis, the Soviet leaders, or the Soviet scholars or for that matter Sen himself, have not paused to consider material reality in pronouncing their judgment on China's supposed transformation from a revolutionary regime of the people to a bureaucratic-militarist oligarchy. Indeed, the change is one at the subjective level of the Soviet ruling clique and their henchmen who have in fact advanced a most un-Marxist characterization of Maoist politics which they have then proceeded to denounce "lock, stock and barrel". It would take us too far afield to go into a general critique of the un-Marxist analysis and anti-Marxist-Leninist activities of the Soviet rulers and their theorists. But to have left such blandly unhistorical, anti-Marxist and factually wrong assertions would have been unfair to Mohit Sen who is otherwise so meticulous about facts and so utterly dialectical in his interpretation.

## III

When referring to an essential feature of the state, namely, public power distinct from the mass of the people, Engels wrote that "for the citizens, this public power at first existed only in the shape of the police force, which is as old as the state, and that is why naive Frenchmen of the eighteenth century spoke not of civilized, but of policed nations (*nations policees*)."[11] The question of the state is so complex and so easily misunderstood that it is not surprising to find Hamza Alavi making the same mistake. For, even today he is found advancing the explanation of the state in 'post-colonial' countries as being military-bureaucratic oligarchies.

Hamza Alavi sets out "to raise some fundamental questions about the classical Marxist theory of the state in the context of post-colonial societies." He comes to the conclusion that in countries which have achieved independence from colonial rule, presuming that "that independence is not a mere sham", the state is not the instrument of a single class. According to him,

> it is relatively autonomous and it mediates between the competing interests of the three propertied classes, namely the metropolitan bourgeoisie, the indigenous bourgeoisie and the landed classes, while at the same time acting on behalf of them all to preserve the social order in which their interests are embedded, namely the institution of private property *and the capitalist mode as the dominant mode of production.*" (Emphasis added).

There are two important assumptions contained in the above formulation which needs to be examined before proceeding further: 1 that the independence gained by these countries is not a mere sham and, 2 that the attempt of the state in these countries is to perpetuate the capitalist mode as the dominant mode of production.

## *Collusion for Continued Dependence*

As for the first question, Hamza Alavi does not at any point discuss why these countries became independent in the first place, nor is this an occasion to do so. However, he has examined the mutual relationship of the three propertied classes in the 'post-colonial' countries, and comes up with rather disconcerting findings. He finds, for instance, that

> in the post-colonial situation...as the erstwhile 'national' bourgeoisie grows in size and aspires to extend its interests and move from industries which involve relatively unsophisticated technology, such as textiles, to those which involve the use of highly sophisticated technology such as petro-chemicals and fertilizers, etc., they find that they do not have access to requisite advanced technologies...For access to advanced industrial technology they have to turn for collaboration, therefore, to the bourgeoisies of the developed metropolitan countries, or to socialist states. *This they do despite the fact that the terms on which the collaboration is offered are such that it hamstrings their own independent future development*...The mutual relationship of the native bourgeoisie and the metropolitan bourgeoisie is no longer antagonistic; it is collaborative. The collaboration is, however, unequal and hierarchical, because *the native bourgeoisie of a post-colonial society assumes a subordinate, client status* in the structure of its relationship with the metropolitian bourgeoisie. (Emphasis added).

If this state of affairs does not make economic independence a "mere sham" it is difficult to imagine what else will. And, if "politics are the concentrated expression of economics"[12], then it is not difficult to see that these post-colonial states do not have much political independence either, a point well made elsewhere by Hamza Alavi himself. Also, this explanation does require a person to believe that the 'granting' of independence to former colonies was a "foul plot"by the imperiaists who could foreseel the inevitable dependence on them of the non-revolutionist 'post colonial' territories for subsequent development.

### *Road-blocks to Capitalist Mode*

The second assumption which Hamza Alavi makes is that the capitalist mode is the dominant mode of production in these 'post-colonial' societies. Here too, the conclusions he draws from empirical observation do not seem to fit in with the theory.

> An accommodation between the native bourgeoisie and the 'feudal' landowning classes is now possible because the task of winning national independence is completed . . . now the 'feudal' landowning class complements the political purposes of the native bourgeoisie in the 'democratic' running of the post-colonial state, because it plays a key role in establishing links between the state at the national level and local-level power structures in the rural areas which it dominates.

It seems from this, that the contradiction which exists between the (native) bourgeoisie and the feudal forces is subsumed as soon as political independence is gained by the country. This is, however, simply ridiculous, as the root of that contradiction lies much deeper in the very divergence between the two modes of production, the one resting on semi-serf-based production largely for consumption, and the other based on the free play of the market to which production is geared. It is, therefore, inconceivable that the antagonism between *national* bourgeois forces and feudalism ceases in the country achieving political independence.

On the contrary, in the face of the constraints on the native bourgeoisie in its relationship with imperialism discussed above, the very necessity of acquiring surplus for investment and widening of the market will force the bourgeoisie to be increasingly antagonistic towards the feudal forces *unless* (i) the very character of the bourgeoisie is non-growing,dwarfish, dependent, hence non-national, (ii) the prime mover in the politico-economic sphere is neither the native bourgeoisie nor the feudal forces but imperialism, which has independent interests in maintaining the status quo and is in a position to force these two also to do so, and (iii) the common interests of these three propertied groups are simultaneously threatened by a strong revolutionary movement. Since strong revolutionary movements are not apparent in many of the 'post-colonial' states, we are left with the conclusion that in these states the economic and political initiative is still in the hands of imperialism and that the bourgeoisie is not really national as it not only lets feudalism exist but even allows it a share in political power.

### *Import of Bourgeois Revolution?*

Hence, the very characterization of these states as 'post-colonial' is no more than a purely legalistic one. It is on this misunderstanding that Alavi makes the suggestion that "the bourgeois revolution in the colony in so far as that consists of the establishment of a bourgeois state and the attendant legal and institutional framework is an event which takes place with the imposition of colonial rule by the metropolitan bourgeoisie"! As an academician who makes "frequent and benevolent references to Marx", Hamza Alavi should know that revolutions—even bourgeois revolutions—are not made in a society by classes external to that society nor does the making of revolution mean only the establishment of a particular set of laws which are, by virtue of non-enforcement, worth less than the paper they are printed on. And, far from carrying out bourgeois revolutions in colonies and the attendant economic development on capitalist lines, the imperialist bourgeoisie pursues its own interest by keeping the colonies backward by maintaining and perpetuating in them precapitalist modes of production as well as, in real practice, the legal framework in which they operate.

### *Autonomy of the Oligarchs*

We come then to the understanding that as far as the 'post-colonial' societies are concerned neither have they achieved real independence, nor is the capitalist mode—operated by a national bourgeoisie—the dominant mode of production in them. As such, what can be the structure of political power in such societies? Hamza Alavi suggests that a bureaucratic-military oligarchy performing a relatively autonomous role, and mediating in between the three interests of the metropolitan (imperialist) bourgeoisie, the native bourgeoisie and the landed classes, operates in these societies. In order to conceptualize such a political apparatus, he extends the logic of the Marxian analysis of the state—particularly the Bonapartist State—in order to analyse the military-bureaucratic oligarchy as something more than "simply an instrument of a *single* ruling class". If Hamza Alavi's attempt was only to describe the military-bureaucratic state apparatus in these countries as the instrument of more than a single ruling class, in fact as the instrument of three propertied classes, there would be no need for much discussion on it. However, he vests this military-bureaucratic apparatus with something more than the attributes of a mere instrument. He takes it to be no less than *state power* itself. This is the similarity between his and the Kalecki-Raj stand and here is where argument arises.

State power does not mean the constitutents of administration. It is public power distinct equally from the mass of the people within its jurisdiction as from the very individuals ostensibly operating it: the gendarmerie in the society of slaveowning Athenians was composed of slaves! Hence, the class origin of soldiers or bureaucrats does not necessarily determine the interests they are in fact serving. In this light, the elaborate study of the constituent elements of the military and the bureaucracy which Hamza Alavi provides for Pakistan, for instance, is not very helpful in understanding the nature of state power in Pakistan. Similarly, Alavi's contention that the landowning classes have a built-in position within the oligarchy because the bureaucracy and army recruit their senior officers largely from rich rural families goes nowhere near explaining why both the native and imperialist bourgeoisie too, have "built-in" positions within the oligarchy.

The question of the "relative autonomy" of the military bureaucratic oligarchy (in the case of countries like India, where parliamentary democracy is still maintained, it is a politico-bureaucratic-military oligarchy, including the major political parties like the Congress, says Hamza Alavi) and the attempt to extend the logic of the Marxian Bonapartist State to explain this relative autonomy comes next. It is notable that apart from asserting the fact of this autonomy several times in his essay, and quoting references to his own writings elsewhere, Alavi has made no attempt to ascertain this autonomy either theoretically or in the light of empirical evidence. All that he has been able to prove is that the military-bureaucratic oligarchy has strong links with the three propertied classes and as such is different from the Bonapartist State which represented only a single class. If Alavi were to notice the glaring fact that both the native collaborationist bourgeoisie and the feudal landowning class owe their very existence to international finance capital and hence are mere facets of the world capitalist-imperialist system, perhaps even this last difficulty would have been removed. And, to the extent that in the triumvirate of propertied classes, it is the imperialist bourgeoisie which is the prime mover, the role of "mediating three interests," which Alavi ascribes to the military-bureaucratic oligarchy is also rather unreal and immaterial.

### *Uneven Power Balance*

Hamza Alavi tries to justify his attempt by quoting Miliband[13] to prove that even in Marx's writings there is a 'primary' and a 'secondary' view of the state. The primary view is that "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie"; and political power is "merely the organized power of one class for suppressing another." On the other hand, the 'secondary' view is that of the state as independent from and superior to all social classes, as being the dominant force in society rather than the instrument of a dominant class. It is this second kind of state which finds its most obvious expression in Bonapartism, and it is on this aspect that Alavi claims to have "fresh theoretical insights."

However, according to Marx, even this second kind of state, the Bonapartist autonomous variety, is *not* in any sense neutral as between contending classes. Further, it comes about only in a condition where "warring classes balance each other so nearly that the state power, as *ostensible* mediator, acquires, for the *moment*, a *degree* of independence".[14] (Emphasis added). Hamza Alavi, on the other hand, conceives of his "relatively autonomous" state in a situation where even as the relations between the three classes supposedly represented in the state are "no longer antagonistic and contradictory; rather they are mutually competing but reconcilable", the three warring classes are unevenly matched, the very existence of the native bourgeoise and the feudal elements being dependent on imperialism. In such a straightforward situation there is hardly any need to gain "fresh theoretical insights" into Marx's 'secondary' view of the state; the state in 'post-colonial'—or more accurately, neocolonial—countries being nothing more than the handmaiden of imperialism, and *to the extent it permits*, of its indigenous dependent propertied classes.

But, obviously, Hamza Alavi is not satisfied with this. He finds that the state in these countries has also "a new and autonomous *economic* role, which is not parallelled in the classical bourgeois state". He says, "The state in the post-colonial society directly appropriates a very large part of the economic surplus and deploys it in bureaucratically directed economic activity in the name of promoting economic development". Also, he finds a section of 'army generals' "for whom the interests of the army *as such* take precedence over other considerations". (Emphasis added). In the section dealing with the Kalecki-Raj thesis we discussed in detail the question of state or bureaucrat-capitalism and there is no need to repeat the argument here. Suffice it to say that even to an absolutely naive observer, the army does not *per se* have interests which are not linked with the politico-economic situation of the country.

## *Mix-up*

Hamza Alavi like many others, makes the familiar error of confusing between the *apparatus* of the state and the *state* itself. However the one significant difference between him and others like Kalecki-Raj or Sen-Krishnan is that whereas the latter two see in their misconceived notion of the state the strength of the system, he perceives its exploitative aspect and hence its inherent weakness.

At one place, describing a section of the army officers, Hamza Alavi remarks, "In general they subscribe to a conspiracy theory of society and imagine, for example, that inflation is due simply to the greed of a few businessmen···they do not see the roots of the problem in the economic system itself". Substitute the word businessmen with bureaucrats and military officers (and if necessary, politicians) and the description fits Hamza Alavi himself like a glove. Otherwise, how can he come to the preposterous conclusion that the (East) Bengali bourgeoisie was "brought into being" simply because "President Ayub decided to foster in East Bengal a Bengali bourgeoisie".

In trying to get a "fresh theoretical insight" into Marx's theory of the state, Hamza Alavi too has ended up in the familiar—and stale—petty-bourgeois position of mixing up the instrument with the wielder, and adopting the "Cleopatra's Nose" theory of history by trying to explain events in Pakistan and Bangladesh by Ayub's whims, Tikka Khan's hawkishness and Mujib's "personal style of life"!

*(The author wishes to express thanks to R S Rao, B P Mishra, Ashok Upadhyay and S Naqvi for their comments and encouragement).*

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[2] K N Raj, *Politics and Economics of Intermediate Regimes,* Kale Memorial Lecture at the Gokhale Institute of Politics and Economics, Poona 1973.

[3] Mohit Sen, "A Comment", *Indian Left Review,* Vol II, No 9, November 1973.

[4] Hamza Alavi, "The State in Post-colonial Societies", *Socialist Digest,* No 7, March 1973.

[5] Michael Kalecki, "Social and Economic Aspects of 'Intermediate Regimes", *Selected Essays on the Economic Growth of the Socialist and the Mixed Economies,* Cambridge 1972, pp 162-169. First published in Poland in 1964.

[6] Raymond Aron, *Modern Sociological Thought,* Vol I, London 1968, p 96.

[7] Friedrich Engels, "Socialism: Utopian and Scientific", Marx and Engels, *Selected Works,* Vol II, Moscow 1958, pp 147-148.

[8] Karl Marx, *Marx/Engels Gesamtausgabe,* Moscow 1927, p 519, quoted in Ralph Miliband, "Marx and the State", *The Socialist Register 1965,* The Merlin Press, London 1965, p 100.

[9] V I Lenin, "Theses and Report on Bourgeois Democracy and the Dictatorship of the Proletariat" at the First Congress of the Communist International March 2-6, 1919, *Collected Works,* Vol 23, Progress Publishers, Moscow 1965, pp 463-464.

[10] N K Krishnan, "Unity and Struggle", *Mainstream 11,* Annual Number, 1973.

[11] Friedrich Engels, *The Origin of the Family, Private Property and the State,* Progress Publishers, Moscow 1968, p 116-117.

[12] V I Lenin, "Once Again on the Trade Unions, the Present Situation and the Mistakes of Trotsky and Bukharin", *Selected Works,* Vol IX, New York 1943, p 54.

[13] Ralph Miliband, *op. cit.*, p 283.

[14] Friedrich Engels, "The Origin of the Family, Private Property and the State", *Selected Works,* Vol II, Moscow 1950, p 290.

# *REPORT*

## *Attitudes to Political Parties*

*Sheo Nath Singh*

*The results of a political-attitudinal survey conducted in one part of a Hindi-speaking state in north India are published below. Through a Hindi version of attitude scale for political identification, six 'segments' of the population were studied from a sample of 1555 respondents. Findings of the study provide evidence of the segmental incongruity in attitudes towards political parties.*

INDIA is a heterogeneous society. People's attitudes are shaped in intensive ways through ethnic, religious, linguistic, social and occupational groups. The sole intermediaries between groups and the state are the political parties. Many political parties with their divergent policies and programmes emerged on the Indian scene during the past two decades. They differ in their organizational structure and political content, evoking diverse responses in the social strata.[1] This empirical study is an attempt to explore the form and pattern of the the attitudinal incongruency of six occupational groups, namely, students, teachers, businessmen, clerks, farmers and labourers towards Congress (R), Congress (O), Jansangh, Samyukta Socialist Party (SSP), Communist Party of India (CPI) and Communist Party of India (Marxist), CPI (M).

### *Research Design*

Respondents in this study belong to six 'segments' of the population: (a) college and university students, (b) college and university teachers, (c) businessmen from the city, (c) clerical staff from state government offices, (e) medium type farmers from villages and (f) labourers from industrial establishments. Employing the incidental-purposive sampling technique [2] 1555 respondents from all the six segments were studied.

An attitude scale developed by the author[3] in Hindi was used to measure the attitudes of the six categories of respondents towards the six political parties: Congres(R), Congress(O), Jansangh, SSP, CPI and CPI(M).

This Likert type[4] attitude scale consisted of 30 items with three alternatives relating to policies and programmes centred around some important national issues.

The data were analysed for each group of respondents for different political parties. Mean attitude scores were calculated for each categories in table I and the significance of their differences was tested by CR (Critical Ratio) test in tables II and IV. The results as shown in table I were then analysed from two angles, the respondents and the parties.

## *RESPONDENT-WISE ANALYSIS*

### *Students*

Students have secured the highest mean scores for Jansangh and the lowest for Congress (R). It is revealed that among students the policies and programmes of Jansangh are more acceptable than those of other parties. They have judged Congress (R) almost negatively on this basis. When the attitude scores of the students were arranged in decreasing order of hierarchy, the following picture emerged: (i) Jansangh, (ii) SSP, (iii) CPI (M),(iv) Congress (O),*(v)* CPI and(vi)Congress (R) (Table III). Out of 15 comparisons made for students' scores for all the six parties, 13 (86.66 per cent) were found significant, 12 at more than .001 and 1 at .05 level.

### *Teachers*

The trend of scores of teachers is identical to that of their students. They have also expressed the highest preference for Jansangh. The least preferred parties are Congress (O) and Congress (R) where the attitude scores are not found significantly different. Teachers and taught both seem to be similar in their political affiliation. The hierarchy of scores for different parties is in the following order (Table III): (i) Jansangh, (ii) SSP, (iii) CPI (M), (iv) CPI, (v) Congress (R), and (vi) Congress (O). Only 9 comparisons (60 per cent) are found significant (all at more than .01 level) which indicate that for nearly 40 per cent of the comparisons, preferences are the same.

### *Businessmen*

Businessmen differ significantly in their scores for different parties in 12 comparisons (80 per cent) out of the total 15 made for this group (Table II). There is no significant difference between Congress (O) and Congress (R), Congress (R) and CPI (M), and SSP and Congress (O). If the scores are ranked in a descending order the following hierarchy emerges: (i) Jansangh, (ii) Congress (R), (iii) Congress (O), (iv) SSP, (v) CPI and (vi) CPI(M). This segment of people is quite different from the other two—students and teachers. Only for the Jansangh have they all given first place but their scores differ significantly which indicate that there is fluctuation in their preferences. Thus in the business community, Jansangh is the most popular political party and CPI (M) the least.

## TABLE I

M,SD AND $SE_m$ OF ATTITUDE SCORES FOR DIFFERENT POLITICAL PARTIES FOR DIFFERENT GROUPS OF RESPONDENTS

| | | Respondents: | | | | | |
|---|---|---|---|---|---|---|---|
| Political Parties | | Students (N=305) | Teachers (N=150) | Businessmen (N=200) | Clerks (N=300) | Farmers (N=300) | Labourers (N=300) |
| Congress (R) | M | 33.24 | 38.78 | 43.85 | 35.33 | 44.35 | 52.68 |
| | SD | 12.42 | 15.45 | 17.96 | 14.84 | 19.35 | 21.32 |
| | $SE_m$ | 0.71 | 1.26 | 1.27 | 0.85 | 1.11 | 1.28 |
| Congress (O) | M | 35.34 | 37.25 | 40.37 | 33.16 | 32.25 | 33.46 |
| | SD | 13.76 | 14.98 | 18.12 | 11.96 | 10.98 | 12.12 |
| | $SE_m$ | 0.78 | 1.22 | 1.26 | 0.69 | 0.63 | 0.69 |
| Jansangh | M | 76.64 | 65.32 | 72.46 | 54.68 | 48.25 | 33.28 |
| | SD | 28.45 | 22.39 | 26.75 | 19.86 | 17.35 | 11.37 |
| | $SE_m$ | 1.63 | 1.82 | 1.89 | 1.14 | 1.00 | 0.65 |
| SSP | M | 58.46 | 55.45 | 40.35 | 66.66 | 46.25 | 65.39 |
| | SD | 20.32 | 19.47 | 15.87 | 21.86 | 16.89 | 22.34 |
| | $SE_m$ | 1.16 | 1.58 | 1.12 | 1.29 | 0.97 | 1.29 |
| CPI | M | 34.46 | 40.25 | 33.87 | 68.76 | 50.26 | 78.96 |
| | SD | 12.97 | 17.58 | 11.56 | 20.76 | 16.31 | 26.44 |
| | $SE_m$ | 0.74 | 1.43 | 0.81 | 1.14 | 0.94 | 1.52 |
| CPI(M) | M | 39.25 | 40.46 | 31.35 | 59.67 | 48.35 | 82.63 |
| | SD | 14.97 | 17.89 | 10.25 | 19.77 | 16.55 | 30.46 |
| | $SE_m$ | 0.82 | 1.46 | 0.72 | 1.14 | 0.95 | 1.76 |

### *Clerks*

This group secured the highest mean scores for CPI and the lowest for Congress (O). The indications are that the CPI is best liked by this segment which shows a variance from students, teachers and businessmen. Congress (O), Congress (R) and Jansangh are lowest in the scale of preferences while these were generally at the top for students, teachers and businessmen. When the attitude scores of the clerks were arranged in decreasing order of hierarchy the following picture emerged: (i) CPI, (ii) SSP, (iii) CPI(M), (iv) Jansangh, (v) Congress (R) and (vi) Congress(O). (Table III). Out of 15 comparisons made for clerks' scores for all the six parties, 13 (86.66 per cent) were found significant. The clerks' attitudes towards different parties differ significantly from other groups.

### *Farmers*

The trend of farmers' scores shows a close similarity with the clerks'. They have also obtained the highest scores for CPI and the lowest for Congress (O).They differ significantly in their scores for different parties in 10 comparisons (66.6 per cent out of the 15 made for this group) (Table II). There is no significant difference between SSP and Congress (R), SSP and Congress (O), SSP and Jansangh and between CPI and CPI (M). This picture is indicative of the fact that uncertainty and confusion prevail in the minds of farmers on the choice of political parties. None of the groups has exhibited so much uncertainty. This may be due

## TABLE II

TESTING THE SIGNIFICANCE OF DIFFERENCE AMONG THE M-VALUES OF ATTITUDE SCORES FOR DIFFERENT PARTIES FOR DIFFERENT GROUPS OF RESPONDENTS BY CR TEST

| Respondents | Political Parties | Cong. (R) | Cong. (O) | Jansangh | SSP | CPI |
|---|---|---|---|---|---|---|
| Students | Cong. (O) | 2.00** | | | | |
| | Jansangh | 24.38 | 22.94 | | | |
| | SSP | 18.53 | 16.63 | 9.02 | | |
| | CPI | 1.18* | 0.82* | 23.69 | 17.51 | |
| | CPI(M) | 5.56 | 3.46 | 20.54 | 13.62 | 4.35 |
| Teachers | Cong.(O) | 0.87* | | | | |
| | Jansangh | 12.09 | 12.81 | | | |
| | SSP | 8.29 | 9.14 | 4.11 | | |
| | CPI | 0.77* | 1.58* | 10.85 | 7.13 | |
| | CPI(M) | 0.87* | 1.68* | 10.67 | 6.97 | 0.10* |
| Businessmen | Cong.(O) | 1.94* | | | | |
| | Jansangh | 12.60 | 14.13 | | | |
| | SSP | 2.07** | 0.01* | 14.66 | | |
| | CPI | 6.65 | 4.36 | 20.53 | 4.69 | |
| | CPI(M) | 1.72* | 6.26 | 20.35 | 6.76 | 2.33** |
| Clerks | Cong.(O) | 0.14* | | | | |
| | Jansangh | 13.62 | 16.17 | | | |
| | SSP | 20.34 | 22.94 | 6.65 | | |
| | CPI | 23.54 | 26.76 | 11.17 | 1.22* | |
| | CPI(M) | 17.21 | 18.30 | 3.96 | 4.06 | 7.21 |
| Farmers | Cong.(O) | 9.52 | | | | |
| | Jansangh | 2.61 | 13.67 | | | |
| | SSP | 1.33* | 12.17 | 1.43* | | |
| | CPI | 4.07 | 10.98 | 1.46* | 4.52 | |
| | CPI(M) | 2.73 | 9.71 | 0.07* | 2.18** | 1.43* |
| Labourers | Cong.(O) | 13.25 | | | | |
| | Jansangh | 13.57 | 0.19* | | | |
| | SSP | 6.98 | 21.87 | 22.29 | | |
| | CPI | 13.27 | 27.25 | 27.62 | 6.82 | |
| | CPI(M) | 15.51 | 26.01 | 26.24 | 8.88 | 1.59 |

* Not significant ** Significant at .05 level

## TABLE III

HIERARCHY OF ATTITUDINAL SCORES FOR DIFFERENT PARTIES

| Respondents | Order of Preference | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Students | Jansangh | SSP | CPI(M) | Cong(O) | CPI | Cong (R) |
| Teachers | Jansangh | SSP | CPI(M) | CPI | Cong(R) | Cong (O) |
| Businessmen | Jansangh | Cong (R) | Cong(O) | SSP | CPI | CPI(M) |
| Clerks | CPI | SSP | CPI (M) | Jansangh | Cong(R) | Cong (O) |
| Farmers | CPI | CPI(M) | Jansangh | SSP | Cong(R) | Cong (O) |
| Labourers | CPI(M) | CPI | SSP | Cong(R) | Cong(O) | Jansangh |

to the ignorance about policies and programmes of parties, or a higher degree of identificaton with the 'opinion of caste leaders'. But the order of preference clearly indicates leftist leanings. The hierarchy of attitude scores in the descending order is as follows: (i) CPI, (ii) CPI(M), (iii) Jansangh, (iv) SSP, (v) Congress (R) and (vi) Congress (O). Segmental congruency is found to exist among clerks, farmers and labourers.

### *Labourers*

Labourers belong to the poorest sections of society. They secured highest scores for the CPI(M)and the lowest for Jansangh. This clearly indicates their view that a social change can be brought about only through the policies and programmes of Communist Parties. Chinese labelled Communism is perferred most. A similar trend is also observed for clerks and farmers. Labourers differ significantly in their scores for different parties (Table II) in 13 comparisons (86.6 per cent). There is no significant difference between Congress (O)and Jansangh and between CPI and CPI (M). It clearly shows that the labourers are in no doubt about their political predilections. When the scores are ranked in order, the following hierarchy emerged (Table III): (i) CPI (M), (ii) CPI, (iii) SSP,(iv) Congress (R), (v) Congress (O) and (vi) Jansangh.

## *PARTY-WISE ANALYSIS*

After analysing the respondent-wise attitudinal scores for different parties it was thought necessary to see the distribution of mean scores of different parties in all the segments. Along the following lines the picture of distribution is presented on the basis of statistics in tables I and IV.

### *Congress (R)*

This party has been preferred most by the labourers and least by students. When the scores of different segments of people were statistically tested, 13 comparisons (86.6 per cent) were found significant (12 at more than .01 and 1 at .05 level). This shows that each segment differs significantly from the other in the attitude towards Congress (R). The maximum mean score is 52.68 (for labourers) and minimum 33.24 (for students). The magnitude of scores is not very high. When these scores were ranked, the following hierarchy emerged: (i) labourers, (ii) farmers, (iii) businessmen, (iv) teachers, (v) clerks and (vi) students.

### *Congress (O)*

The magnitude of scores for Congress (O) is comparatively very low. It indicates that people are losing their confidence in this party. The maximum score is 40.37 (businessmen) and the minimum 32.25 (farmers). Only 9 comparisons (60 per cent) are found significant. There is no significant difference between teachers and students, students and labourers, teachers and businessmen, clerks and farmers, clerks and labourers and between farmers and labourers. It indicates that almost every segment is judging the Congress (O) negatively. However, the order of of hierarchy is as follows: (i) businessmen, (ii) teachers, (iii) students, (iv) labourers, clerks and (v) farmers.

### *Jansangh*

A cursory perusal of table I makes it clear that attitude scores of all the segments of people for Jansangh is comparatively very high. It is also very important that all the segments differ significantly among themselves in all the fifteen comparisons. No such trend has been observed in the comparisons of any party. It bears out the hypothesis that most of the Indian people are under the influence of ethnic and social groups. Both students and teachers have expressed the higher magnitude of attitude scores in comparison to all the segments. Both these groups generally belong to the middle strata of society. This result perhaps corroborates the findings of Hyman[6] and Hess and Tonney [6] who observed that "a man is born into his political party just as he is born into probable further membership in the church of his parents". Labourers who represent the depressed sections of society have judged Jansangh most negatively. They seem to be apprehensive about its policies and programmes. The following hierarchy has emerged for this party: (i) students, (ii) businessmen, (iii) teachers, (iv) clerks, (v) farmers and (vi) labourers.

### *Samyukta Socialist Party*

After Jansangh the SSP has secured comparatively higher magnitude of attitude scores among all the segments. It appears to them that SSP stands between the rightist and leftist forces on a middle path. Clerks and labourers have secured the highest scores and businessmen the lowest. Out of 15 comparisons made, 13 (86·6 per cent) are found significant (all at more than .01 level of significance). It is indicative of the fact that though people like the policies and programmes of the SSP there is appreciable gap between their scores of preference. When the scores have been put in hierarchical order, the following picture emerged: (i) clerks, (ii) labourers, (iii) students, (iv) teachers, (v) farmers and (vi) businessmen.

### *Communist Party of India*

CPI carries the slogan of "setting up the national democratic front and later the government of the NDF as the state of national democracy has today the greatest mobilizing force". [7] The weaker sections of society seem to reveal leftist leanings. Clerks and lobourers who are low-paid generally indicated a preference for the left parties CPI, CPI(M) and SSP. The highest scores for CPI have been scored by labourers and the lowest by teachers. All the comparisons except businessmen and students (93·3 per cent) are highly significant (at more than ·01 level). This refers to the fact that a high order of segmental incongruity exists in the present Indian society regarding the policies and programmes of the CPI. The order of scores is: (i) labourers, (ii) clerks, (iii) farmers, (iv) teachers, (v) students and (vi) businessmen.

### *Communist Party of India (Marxist)*

CPI (M) has improved its position in comparison to CPI. Its policies and programmes are more liked by students and teachers than those of Congress (R) and CPI. This is indicative of a movement of the intelligentsia to the Left. This party has been preferred most by the labourers who have obtained the highest scores in comparison to the other parties, Jansangh being the lowest in the list. These two parties are totally opposed in their policies and programmes. In all the segmental comparisons 93·3 per cent have been found significant at more than ·01 level. The following hierarchy emerged when the scores were put in order: (i) labourers, (ii) clerks, (iii) farmers, (iv) teachers, (v) students and (vi) businessmen.

When all the mean values of different segments were combined for all the political parties, the following order of preference has been observed: (i) Jansangh (58·44), (ii) SSP (55·42), (iii) CPI (51·12), (iv) CPI (M) (50·27), (v) Congress (R) (41·57) and (vi) Congress (O) (35·30).

The tendencies reflected by the mean scores shown in table I are supported by the *rho* co-efficients of correlation seen in table VI. The students have a highly significant positive correlation with the teachers in their political identification (0·83). They have very low correlations with businessmen and clerks. This analysis also shows significant negative correlations in political preferences between students and labourers, businessmen and labourers, businessmen aud clerks, and businessmen and farmers. The very negligible correlations are between teachers and businessmen and teachers and labourers. A moderate degree of positive correlation exists between teachers and clerks and teachers and farmers. Some significant positive correlations have emerged for the comparisons between clerks and farmers, clerks and labourers, and farmers and labourers. This analysis also supports the fact that there is clear segmental incongruity in political attitudes.

## TABLE IV

TESTING THE SIGNIFICANCE OF DIFFERENCE AMONG THE M-VALUES OF ATTITUDE SCORES FOR DIFFERENT GROUPS OF RESPONDENTS FOR DIFFERENT POLITICAL PARTIES BY CR TEST

| Political Parties | Groups | Students | Teachers | Business-men | Clerks | Farmers |
|---|---|---|---|---|---|---|
| Congress(R) | Teachers | 3.85 | | | | |
| | Businessmen | 7.31 | 2.85 | | | |
| | Clerks | 1.90* | 2.27** | 5.56 | | |
| | Farmers | 8.48 | 3.31 | 0.29* | 6.50 | |
| | Labourers | 13.32 | 7.76 | 5.92 | 11.27 | 4.92 |
| Gongress(O) | Teachers | 1.32* | | | | |
| | Businessmen | 3.39 | 1.78* | | | |
| | Clerks | 2.09** | 2.92 | 5.04 | | |
| | Farmers | 3.09 | 3.64 | 5.75 | 0.97* | |
| | Labourers | 1.42* | 2.70 | 4.83 | 0.30* | 1.30* |
| Jansangh | Teachers | 5.46 | | | | |
| | Businessmen | 2.49** | 2.72 | | | |
| | Clerks | 14.26 | 5.04 | 8.14 | | |
| | Farmers | 15.91 | 8.93 | 11.36 | 4.16 | |
| | Labourers | 24.77 | 18.25 | 19.67 | 16.27 | 12.49 |
| SSP | Teachers | 1.58* | | | | |
| | Businessmen | 11.25 | 7.82 | | | |
| | Clerks | 4.16 | 5.00 | 14.88 | | |
| | Farmers | 8.08 | 4.97 | 3.98 | 12.06 | |
| | Labourers | 4.00 | 4.87 | 14.13 | 0.14* | 11.88 |
| CPI | Teachers | 3.59 | | | | |
| | Businessmen | 0.54* | 3.88 | | | |
| | Clerks | 25.36 | 15.57 | 25.10 | | |
| | Farmers | 13.27 | 5.85 | 13.21 | 12.50 | |
| | Labourers | 26.33 | 18.61 | 26.21 | 5.37 | 16.12 |
| CPI(M) | Teachers | 0.72* | | | | |
| | Businessmen | 7.24 | 5.42 | | | |
| | Clerks | 14.58 | 10.38 | 20.97 | | |
| | Farmers | 7.28 | 4.53 | 12.59 | 7.65 | |
| | Labourers | 22.36 | 18.49 | 26.93 | 10.98 | 17.14 |

* Not Significant ** Significant at .05 level

### *Conclusion*

The above findings provide ample evidence in support of the segmental incongruity or variance in attitudes towards political parties. All segments of people stand somewhere on the liberal-conservative continuum. They have preferred political alternatives by referring to their own ideological predispositions. Since farmers have scored moderately and political

## TABLE V

HIERARCHY OF ATTITUDINAL SCORES FOR DIFFERENT SEGMENTS OF PEOPLE

| Parties | Order of Preference | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Cong(R) | Labourers | Farmers | Businessmen | Teachers | Clerks | Students |
| Cong(O) | Businessmen | Teachers | Students | Labourers | Clerks | Farmers |
| Jansangh | Students | Businessmen | Teachers | Clerks | Farmers | Labourers |
| SSP | Clerks | Labourers | Students | Teachers | Farmers | Businessmen |
| CPI | Labourers | Clerks | Farmers | Teachers | Students | Businessmen |
| CPI(M) | Labourers | Clerks | Farmers | Teachers | Students | Businessmen |

## TABLE VI

*RHO* CO-EFFICIENTS INDICATING SEGMENTAL CONGRUENCY AND INCONGRUENCY IN ATTITUDES TOWARD POLITICAL PARTIES

| Respondents | Teachers | Businessmen | Clerks | Farmers | Labourers |
|---|---|---|---|---|---|
| Students | 0.83 | 0.15 | 0.15 | -0.26 | 0.26 |
| Teachers | | 0.09 | 0.49 | 0.49 | 0.06 |
| Businessmen | | | -0.60 | -0.54 | -0.94 |
| Clerks | | | | 0.83 | 0.66 |
| Farmers | | | | | 0.60 |

comparisons are insignificant on their part, it may be concluded that they are not too aware of all the political parties and public personalities and events. This is supported by the findings of Hyman and Sheatsley[8] who have described the 'hard core' familiar with virtually nothing political as follows: "In almost every instance where the polls have tested public information, at least 20 per cent of the population have revealed complete ignorance".

In short, the following conclusions may be drawn from the findings of this study: (1) Students and teachers have preferred the Jansangh. Students' perceptions indicate that the middle class where most of students come from, is in favour of the old political system; (2) Farmers seem to be ambiguous and ignorant about their political identification. There is some confusion among them about the programmes and policies of parties; (3) The business community seems to be more inclined towards rightist parties like Jansangh; (4) Farmers, clerks and labourers are poles apart from businessmen in their party preferences; (5) Labourers and clerks evince a stong preference for the leftist parties like CPI (M), CPI and SSP.

*(This survey is part of a study on "Political Parties and the People" undertaken by the Institute of Behavioural Sciences, Magadh University, Bodh-Gaya.)*

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(b) D N Brown, "Traditional Concept of Indian Leadership", R L and I Tinker (Eds), *Leadership and Political Institution in India*, Oxford 1959, pp 3-17.
(c) B R Kumar, "Is Party System Suitable for India?" *Swarajya*, Madras, 25 November, 1961, p 11.
(d) M Weiner, *The Politics of Scarcity*, Bombay, 1963, p 39.
(e) M Duverger, *Political Parties: Their Organization and Activity in Modern State*, London 1964, p 290.
(f) W H M Jones, *The Government and Politics of India*, London 1964, p 165.
(g) J P Narain, "The Organic Democracy" in S P Aiyar and R Srinivasan (Eds), *Studies in Indian Democracy*, Bombay 1965, pp 325-344.
(h) H Hartmann, *Political Parties in India*, Delhi 1971, pp 41-117.

[2] J P Guildford, *Fundamental Statistics in Psychology and Education*, New York 1956, p 159.

[3] S N Singh, *Scale in Hindi for Measurement of Attitude toward Political Parties*, Institute of Behavioural Sciences, Magadh University, Bodh-Gaya 1972.

[4] R Likert, "A New Technique for the Measurement of Attitude" *Archives of Pshychology*, No 140, 1932.

[5] H H Hyman *Political Socialisation*, Free Press, Glencoe, Illinois 1959.

[6] R D Hess and J V Tonney, "The Development of Basic Attitudes and Values toward Government and Citizenship during the Elementary School Years", Part I, University of Chicago 1965.

[7] Documents adopted by Eighth Congress of the CPI at Patna, 7-12 February 1968, p 315.

[8] H H Hyman and P B Sheatsley, "The Current Status of American Public Opinion," D Katz, D Cartwright, S Elderveld, and A M Lee (Eds), *Public Opinion and Propaganda*, New York 1951, p 36.

# *NOTES*

## *Indian Industrial Policy and Economic Power Concentration*

RAPID industrial development and reduction in concentration of economic power are the two professed objectives of industrial policy in India. Reduced inequalities of income and wealth, balanced regional development and adherence to plan priorities are closely linked with these objectives to be realized by extending the public sector as well as by regulating the private sector through such measures as price control or licensing policy. Here is an attempt to analyse those elements of industrial policy designed to reduce economic power concentration and to assess the practical achievements.

### *Words and Deeds*

The directive principles of state policy of the Constitution enjoined that the concentration of economic power should be prevented. It was reaffirmed in the Industrial Policy Resolutions of 1948 and 1956, the Five Year Plans, reports of committees and other official pronouncements. Nevertheless, all available data indicate that concentration has been on the increase.

As far back as 1960, the Mahalanobis Committee found "concentration of economic power in the private sector more than what could be justified on functional grounds". The Monopolies Inquiry Commission in 1964 maintained that "planning itself has become a potent factor for further concentration of economic power." The findings of R K Hazari and such bodies as the Industrial Licensing Policy Inquiry Committee (ILPIC) and the Monopolies Inquiry Commission have established the fact of increasing concentration beyond any shadow of doubt.

An overwhelmingly large part of capital in the private corparate sector is centralized in the hands of a few highly diversified and integrated business groups. Assets of the top 75 industrial houses which stood at Rs 3418.5 crores in December 1966 rose to Rs 4032.4 crores in the next year. According to Nigam and Chowdhary, in 1957-58, 126 companies at the top of the list accounted for 34 per cent of the total paid-up capital; and, 1 per cent of the companies accounted for 47 per cent. A study conducted by the Reserve Bank of India revealed that 177 companies at the top accounted for 63 per cent of total paid-up capital of all companies.

Assets of the largest 20 industrial houses increased from Rs 1780 crores in 1963-64 to 2752 crores in 1967-68. To take individual houses, the assets of Tatas, the biggest of them all, which stood at Rs 94 crores in 1950-51, increased to Rs 584.6 crores in 1968, Rs 850 crores in 1972 and to an estimated Rs 1000 crores today. Birlas have increased their assets from 50 crores in 1950 to 575·6 crores in 1968 and are almost on a par with Tatas at present.

Another indicator of concentration is the number of product industries under these houses. Out of 232 product industries grouped by ILPIC, Birlas manufacture the largest number (106) followed by Tatas(66). The total number of companies under 20 large industrial houses are 1055 of which 203 are under Birlas. The Birla Jute Manufacturing Company which processed jute till 1954 has now established enterprises for the production of calcium, cotton yarn, cement and other products. The biggest cement trust, Associated Cement Company, controls sixteen factories, two coal mines, a refractory material plant and a heavy engineering enterprise. Delhi Cloth Mills is a striking example of the evolution of monopolies. It controls not only textile mills but vanaspati, sugar, chemical and fertilizer industries among other things. According to the Monopolies Inquiry Commission, Birlas control 66 per cent of the production of cars, 75 per cent of cotton textile machinery, 27 per cent of electric fans, 24 per cent of railway wagons and 16 per cent of room air-conditioners. Steel ingots, industrial machines, oils and soaps are under the domain of the Tatas.

### *Empire-building under State Patronage*

Thus we have two types of economic concentration in India: product concentration, where the manufacture of a particular product is concentrated in a single concern or a group of concerns controlled by a single family or a business house; inter-industry concentration where one individual or family is controlling a large number of concerns producing different commodities. These groups do not fit into a textbook definition of monopoly in the sense of single product firms like Marshall or Chamberlain or diversified giant corporations like Penrose or Robin Morris. The kind of concentration prevalent in India enables a firm or a house to adopt monopolistic trade practices as a dominant producer. They have assumed monopoly power also through restrictive trade practices.

Various factors have contributed towards increased concentration. The large industrial houses do not miss a single opportunity to expand capacity and start new industrial units. How they manage to grab licences at the expense of new entrepreneurs, inspite of all pronouncements to the contrary, has been dealt with exhaustively by R K Hazari and the Dutt Committe. Multiple licences for the same product, foreclosure and pre-emption of industrial capacity and non-implementation of licences are only some of the means to forestall small entrepreneurs, achieve monopoly power and strengthen their grip over the economy. Financial institutions, exchange controls and foreign collaborators are at the disposal of Big Business.

Not only are the big shots favoured over the new entrepreneurs, they have also been given licences for industries in the proclaimed exclusive preserve of the public sector. Telco, Tisco, and (Tata) Goa Fertilizer Project are some of the few which received such exceptional treatment. An argument frequently advanced is that the government cannot set up these industries in the public sector due to lack of finance. This was the plea when Birlas were allowed to set up the Hindustan Aluminium Company. But a substantial part of finance for HINDALCO came from the public sector financial institutions! More than 50 per cent of the total financial assistance from government-owned financial institutions has gone to the large industrial houses.

Half-hearted measures do not prevent the big growing bigger. When the Dutt Committee and the Monopolies Inquiry Commission drew the attention of the government to increasing concentration of economic power it was forced to announce a new Industrial Licensing Policy in 1970 and again in 1972. Also, a Monopolies Commission was set up under the Monopolies Restrictive Trade Practices Act of 1969.

## *'No Entry' Signs Go Down*

The new industrial policy was supposed to check concentration in several ways. First, it sought to prohibit the entry of large houses into certain industries. A list of 19 industries of strategic importance, linked with the core sector and having export potential was prepared and the large industrial houses were allowed to set up only these categories of production units.

However, this restriction has become rather illusory because the list of core industries has become longer, to cover practically the entire field in which the large industrial houses are interested. If the past is any guide, the chances of new entrepreneurs securing licences for manufacturing in this area will be rather slim. Nor can they command adequate resources or technical and managerial skills. In fact, the powers of the large industrial houses who obtain licences for the core, critical and strategic industries are likely to increase as preference will be given to them in the allocation of limited foreign exchange and raw materials. They will control not only the listed industries but rather the entire economy since all other manufacturing is dependent on the core sector.

Joint sector is supposed to be another means of reducing concentration. It is claimed that the overall conduct of the joint sector enterprises would conform to broad public interest and not merely to maximum private profit. Though the large industrial houses possess managerial and technical competence, they rely heavily on funds from government-owned financial institutions. By converting loans into equity it is claimed that the advantages of public ownership and control can be combined with an efficient utilization of the managerial and technical competence at the command of the large industrial houses. The concept of joint sector is nothing new. In the Industrial Policy Resolution of 1956, it was mentioned that the state could secure the co-operation of private enterprise in Schedule A industries when national interests so required and that private sector could develop industries in Schedule B with state participation. It was also stated that substantial financial assistance from the state to the private sector should preferably be in the form of equity. In practice, the government has been participating in the equity capital of various private sector units. For example, it owns 53 per cent of shares in Premier Tyres, 44 per cent in Cimmco, 42 per cent in Tisco. 25 per cent in Telco and 40 per cent in ACC. Government equity participation is more than half in Martin and Burn, about a third in Tata and ACC and about 20 to 25 per cent in Birla and Shriram! However, this participation does not put these concerns in the joint sector as management and control rest with the private sector.

## *Real Bosses and Beneficiaries*

On many of the so called joint sector concerns, the Chairman who is the nominee of the government is only a figurehead. A Managing Director is invariably named by the private promoter and the government merely approves the appointment. At the same time, government participation helps the private promoter to obtain licences, land, utilities, loans and other facilities with ease. Thus effective control rests with private promoters while the government is made to do their bidding. Most of these joint sector enterprises are practically indistinguishable from private sector enterprises. Two examples are Bharat Forge (Kirloskar) and Mahindra Ugine Steel.

There have also been cases of conversion of joint sector enterprises into the full-fledged private sector. For instance, Birlas took over the equity of Kerala State Industrial Development Corporation. As recommended by the Dutt Committee, the government will not only participate in the equity capital of the joint sector enterprises but will also have effective control in the management of these units. How this is to be done still remains a question. The private investor is well versed in the art of keeping the government nominee on their side! Whenever the case is put forward for joint sector, it is in terms of marrying managerial talent of private sector with the funds and facilities of the public sector. According to the Industrial Credit and Investment Corporation, "Joint sector was proposed to combine the vast financial resources of the state and considerable managerial and other skills and resources of the private industry. Where a unit was run efficiently and was well managed there was no reason why the government or financial institution should interfere with its management." From this it is clear who controls the joint sector enterprises.

Rather than reducing concentration, the joint sector may even increase it in two ways. Government participation in joint sector enterprises reduces the burden of equity capital of private investors in new projects and thus gives ample scope to large industrial houses for spreading their tentacles deeper. Secondly, the joint sector units are likely to be set up where public sector projects would otherwise have come in schedules A and B.

It should, however, be noted that no step has been taken in the last three years to delink existing key companies from the large houses and to convert them into joint sector units. Financial institutions have not changed their approach; and no effective steps have been taken to convert loans into equity so as to enable the emergence of the joint sector. Already public financial institutions hold a large portion of equity capital in many firms of consequence and there is nothing to prevent the former from playing an effective role in policy guidance. But they have not participated in the management of the undertakings.

## *Controls Are Inoperative*

Under the new industrial licensing policy, large industrial houses can also obtain licences for industries requiring an investment of less than a crore rupees. While new entrepreneures will not be required to obtain licences for such industries, large industrial houses have to go through this formality. The new policy also states that big business houses will be allowed to participate in the production of mass consumption goods if there are special factors such as economies of scale, substantial export possibilities and modernization and development of backward regions. Replying to a question by M K Mohota in the Rajya Sabha on April 5, 1973, whether government would permit a large industrial house to manufacture an essential commodity, if no other party was willing to undertake it, Chowdhary, the Minister for Industrial Development, replied, "If such an application comes to us it would certainly be considered on its merits". Thus under one pretext or the other, large industrial houses have been allowed to enter into practically all the industries as the 'out of bounds' notices are being pulled out one after the other.

The Monopolies and Restrictive Trade Practices Act passed in 1969 has three aspects: concentration of economic power; monopolistic trade practices; and restrictive trade practices. In matters pertaining to concentration of economic power, the power to refer a particular case to the Monopolies Commission rests with the government and the advice of the Commission is not binding on the government. In relation to monopolistic practices, the Commission has only recommendatory powers. It is up to the government to accept or reject any recommendation. In relation to restrictive trade practices, the Commission's status is that of a judicial court with powers of enforcement.

The provisions of the Act relating to concentration of economic power apply to a single undertaking or a group of interconnected undertakings whose assets do not exceed Rs 20 crores and also to a single dominant undertaking or a group of interconnected dominant undertakings with assets not exceeding one crore. Any undertaking belonging to this category will have to obtain sanction from the government for setting up new units or for substantial expansion of capacity or production. 'Substantial' has been defined as 25 per cent of existing capacity. Dominant undertakings have been defined as those undertakings controlling not less than one-third of total supply or production of goods or services in India or any substantial part thereof. This raises the problem of defining what is meant by 'substantial'. A firm controlling one-third of supply of a particular commodity in one of the biggest cities of India may not come under the category of dominant undertaking.

The MRTP Act, which was meant to reduce concentration of economic power, is less restrictive .than the Industrial Development and Regulation Act, 1949. Only 200 companies have registered themselves as dominant undertakings under section 26 of the MRTP Act while, according to the Dutt Comittee criteria, 1300 should have been registered as dominant undertakings. All dominant undertakings do not fall under the purview of the Act. The Act becomes almost redundant in the light of the rules and regulations. According to classification of items to be covered by the Act, 1300 items of goods should have been included. But according to the classification given by MRTP only 350 items actually fall within the ambit of the Act. Even out of these, various items have been put together in groups and subgroups in such a way that a dominant undertaking in a particular item (controlling one-third of output) does not remain dominant in terms of groups because a number of goods are lumped together and the one-third share has to be determined out of the assortment. Thus, an undertaking having a dominant status in one item may not remain dominant when the group as a whole is taken into account.

## *Loopholes and Dodges*

Similarly, by relating concentration to interconnected undertakings whose assets do not exceed Rs 20 crores, a good number of industries belonging to the large industrial houses are left out of the purview of the Act. This is so, because assets of undertakings which may be deemed to be interconnected may not exceed Rs 20 crores while actually assets of all the undertakings falling under the same control and management may far exceed this figure. As a result, out of 276 undertakings belonging to Birlas, only 45 have registered under the Act and in the case of Tatas out of 84 undertakings only 25 have registered. A flagrant example is Tata Chemicals which does not fall within the bounds of the Act. It is not 'interconnected' to any undertaking with which the combined assets exceed Rs 20 crores.

After the abolition of the Managing Agency System, a smaller number of industries has remained interconnected. According to the Dutt

Committee, 2000 Companies should have registered under the Act in terms of interconnection but only 500 are actually registered, others being no more interconnected after the abolition of the Managing Agency System.

The result of this has been that very few applications for industrial licences fall within the compass of the Act. Out of 12,096 applications for licences received between June 1970 and November 1973, only 400 came within the purview of MRTP Act.[2] As all undertakings belonging to the large industrial houses are not interconnected and thus do not become subject to the Act, there is no relationship between the number of applications filed by large industrial houses and the number of applications falling within the MRTP Act.

Besides, the government has the option not to refer a particular case to the Monopolies Commission. Out of 400 applications falling within MRTP, only 32 were referred to the Commission and the rest were disposed of by the government. In its annual report for the year 1972, the Monopolies Commission complains that cases not involving any major issue are referred to the Commission while others which would *prima facie* involve important considerations are not referred. As a result only four per cent of applications fall under the Act and out of this group only ten per cent are referred to the Commission.

### *Big Business Bias Hampers Production*

For the purpose of controlling monopolistic practices, a monopolistic undertaking has been defined as a dominant undertaking which, together with not more than two other undertakings, controls more than half of the output. All dominant undertakings do not fall within this definition. Dominant undertakings controlling between one-third to half of the output are not monopolistic undertakings. The Act does not apply to all monopolistic undertakings but only if any aspect of working of an undertaking can be designated as a monopolistic practice and if it is against the public interest.

The list of restrictive trade practices leaves out some important forms of agreements that may have the effect of restricting competition, such as open price agreements or agreements for exchange of technical information. Moreover, the Act merely requires the parties concerned to prove that the agreement did not result in unreasonable rise in prices and profits or in restricting competition. It is not a difficult task for the producers to prove it. It is also easy for them to pass the eight tests prescribed to prove that restriction of competition is in the public interest and therefore should be allowed.

The Monopolies Commission is not empowered to reorganize the structure of ownership and control for curbing monopoly.[1] Amendment to clause 27 of the Act, meant to break up industrial and business conglomerates and to delink a particular productive enterprise from Big Business, has not been accepted so far. Even within the scope of the Monopolies

Commission, it cannot do very much as conflict arises between the objectives of growth and concentration. How such a conflict was resolved in favour of growth is shown in the case of Hindustan Lever which was granted licence for producing Sodium Tripolyphosphate.

Often, the industrial lobby, press and some economists have attributed industrial stagnation to cramping effects of the Industrial Licensing Policy and MRTPC. Their plea is that the advantages enjoyed by the large industrial houses in terms of technical and managerial skills and so on could be utilized for increased production in the short-term if they are allowed to expand. It is this kind of pressure which has led to further concentration in industrial ownership. Licenses are given to the large industrial houses under the pretext of core sector, critical and strategic industries, economies of large scale, mass consumption, export promotion and so forth. Joint sector also provided enough scope for achieving growth by setting up industries with governmental funds and facilities. It is well known how big business houses have been hampering the growth of production by cornering licences and pre-empting capacity. They have been earning abnormal profits by the exercise of monopoly or oligopoly control over the market as well as by creating artificial shortages. Even when there are economies of scale, it is not necessary that private monopolies should be allowed to reap the advantages.

### *Concentration Worsens Economic Crisis*

In 1972 it was decided that industries could instal additional capacity without obtaining licences in order to ensure production in important industries. This clause did not apply to large industrial houses. Consequently, a Task Force was created to consider expansion plans of large industrial houses. By the end of the year, 86 applications for expansion were approved by the Task Force. The government also regularized capacity created in 59 industries instead of imposing fines on them.

Thus we find that neither the new industrial licensing policy nor the MRTP Act have succeeded in curtailing the monopoly power of the big business houses. That they continue to get liberal treatment is clear from the fact that out of 47 licences issued in 1970, 20 have gone to large industrial houses and out of 159 licences issued in 1971, 114 have gone to them, Birlas claiming 29 and Tatas 26 out of this lot. They have obtained licences in products like sewing machines, shoes and readymade garments, which were traditionally dominated by the small producers. Monopolists and oligopolists have secured dominating position precisely in those industries where lucrative and quick profits can be landed by the manufacture of mass consumption commodities.

It has been observed that whenever increasing concentration was brought to the notice of the public, the government often instituted an inquiry into the problem. After sitting over the problem for a couple of years these inquiries confirmed the glaring inequalities and growing concentration in the private corporate industrial sector. The revelations made by R K Hazari, Mahalanobis Committee, Dutt Committee, Monopolies Inquiry Commission and others were followed by certain measures supposed to curb the growth of monopoly and concentration. But, in practice, the power and influence of Big Business over the machinery for implementation has been so great as to dilute its purposes and emasculate the operational effectiveness. That is why Big Business has been more powerful with every crisis that has blown over the economy. Through their lobby and influence over the press the large business groups have mounted severe attacks on the limited gains which were sought to be achieved through regulation and control. They always manage to secure relaxation of regulation and control as well as fiscal and other concessions in the wake of every crisis, be it a war, payments deficit or development slowdown. Even the present tirade against the so called cramping influence of licensing, regulation and control is to expand their penetrating influence into forbidden areas and regularization of the clandestine expansion.

Apart from egalitarian considerations, growing industrial concentration has been wrecking the economy in a number of ways. First, the traditional habit of reaping abnormal profits through excess capacity and restricted trade practices is still rampant despite the Monopolies Commission. Over the years, the large industrial houses have played havoc through pre-empting of capacities as well as securing a lion's share of the quotas of scarce resources like steel, cement and foreign exchange. Secondly, the large industrial houses have amassed fabulous profits by creating and expanding capacities in the non-priority luxury goods sector whose demand has been skyrocketing as a result of the expanding pressure of black money in the parallel economy. Many of them have treated all regulations and controls in respect of production of luxury goods with impunity. Such clandestine expansion is now being regularized in the name of current needs of expanding production to beat the 'creeping recession'. Thirdly, the resources diverted into non-priority channels have limited the expansion of essential goods thereby contributing to the current shortage of essential commodities. Finally, increasing domination of Big Business has meant the retardation of many of the small and medium industries. Partly this is due to the entry of Big Business into the industries earmarked for the small and medium investors. Further, the growing power of large houses as buyers and sellers of components and processed raw materials has resulted in driving the smaller producers to the wall, spelling disaster for their future as well as for employment potential in the economy.

MEENA GUPTA
M J K THAVARAJ

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[1] Aurobindo Ghosh, *Economic and Political Weekly*, June 8, 1974.

[2] Ministry of Law, Justice and Company Affairs, *Annual Report for 1973-74*; Estimates Committee on Industrial Licences, *50th Report*.

# *Signposts to New Education*

WE are being constantly reminded that the present educational system in India has outlived its usefulness. If it is no longer useful we must be clear about the nature and objectives of the type of education we want to put in its place. Education in India has been too theoretical and primarily limited to teaching English language and literature. This system served the purposes of a colonial economy. Unaware of the know-how of the production system, the 'educated' were cut off from the hopes and aspirations of the masses.

The isolation of education from the needs of a changing society became so obvious at the turn of the century that in 1905 the protagonists of a national education system called for a restructuring oriented to an independent national economy. They also advocated the inculcation of patriotism among students as an essential prerequisite to nation-building. It was, however, realized that such a national system of education was not possible till India freed itself from political and economic bondage.

The opportunity for a total change, therefore, appeared to present itself with the country's political independence. But the new rulers followed the path of their imperialist predecessors, and the exploitation-based social structure remained almost untouched. Without introducing any fundamental change in the feudal land relations in agriculture, they started developing capitalism on the remains of the colonial system of production. Moreover, the native monopolists, hoping to maintain their maximum profit and to save themselves from the deepening crisis of the capitalist system, came to terms with their foreign counterparts. The consequence of this policy manifested itself in increasing poverty, unemployment and illiteracy. On the other hand, the wealth of the nation came to be concentrated in the hands of the few rich: Forty-five per cent of the land under cultivation is cornered by only five per cent of the landowners. This deprivation and disparity is what the people got on the completion of four successive Five Year Plans. The reflection of this battered economy can be seen in the present system of education. Attempts to bring about minor changes in the educational field came to nothing as industrial growth and the capitalist path ran into trouble.

The main drawback of the present educational system is that it is not related to direct production. To some, education is a means to share the privileges without taking part in social production, even by the technically trained who are expected to do only supervisory or advisory functions. The unskilled or semi-skilled workers and peasants who undertake the actual productive work are denied the benefits of education. And the so called 'educated people' who are ill at ease with the social life of the multitude, look after the interests of the landlords and the industrialists and lord it over the peasants and workers. Gradually they find themselves off the mainstream of national life and between the exploiters and the exploited. At last, in order to establish *bona fides*, they put forward theories which contribute to the preservation of class distinctions in society and the defence of the privileged classes. Through this process a major part of this section becomes the intellectual representative of the exploiting classes. In this way division is created between the illiterate and the literate, the workers and the educated. The capitalists skilfully utilize this cleavage to further their own class interests. A progressive education should aim at bringing down these walls of division and separation.

## *Bonds to Productive Labour*

In this connection Lenin stated:

> The correct idea is that an ideal future society cannot be conceived without the combination of education with the productive labour of the younger generation : neither training and education without productive labour, nor productive labour without parallel training and education could be raised to the degree required by the present level of technology and the state of scientific knowledge.[1]

Education that is not linked with the process of production cannot help the growth of the natural capacities of the individual. It may be mentioned here that the educationists subscribing to idealist philosophy do not consider education to be a part of the process of production, even though they support education based on activity (called activity method, project method or craft-centred education). They try to build up education along these lines on the qualities, such as tenacity, activity and creativity of the individual. They do not believe that the main guiding force of social change and progress depends on the changes or improvement in the forces of production. To them individual excellence is all that education means—its relation to social production is not important. However, in the Basic Education Scheme of Gandhiji there was provision for linking education with social production. But as it did not recognize the continuous changes that are taking place in the production forces through inventions and innovations in technique it tried in vain to push back our society to the age of the *charka* (spinning-wheel).

In a wider sense education means continuous reconstruction of the human behaviour. This act of reconstruction of human behaviour continues through interaction between the individual and his physical and social environment in different roles through the participation in the various processess of social production. Through this process an individual changes himself and thereby acquires capacities to change the environment. In a broader sense, this is what education is about.

In short, acquisition of social efficiency is the general objective of education. Through education we gather information and knowledge, acquire skills of learning and living and develop attitudes or particular ways of looking at the physical world and social life.. The education imparted through institutions is organized, patronized and controlled by the state. In a class-divided society conflict of interests between classes is inevitable and the educational system cannot be helpful to the interests of the majority. The dominant class, which owns the means of production, appropriates value produced by the working people and holds state power and uses the system of education as an instrument of exploitation. It creates a labour force to keep moving the wheel of its production system and propagates its ideas and views conducive to class domination.

### *Struggle against Bourgeois Education*

In a lecture delivered at the All-Russia Congress of Education in 1918, Lenin very aptly tore open the mask of bourgeois education. He stated:

> Education is one of the component parts of the struggle we are waging. We can counter hypocrisy and lies with the complete and honest truth ... We have proclaimed the rule of the working and exploited people and there lies the source of our strength and invincibility.
>
> The same is true of education. The more cultured the bourgeois state, the more subtly it lied when declaring that schools could stand above politics and serve society as a whole.
>
> In fact the schools were turned into nothing but an instrument of the class rule of the bourgeoisie. They were thoroughly imbued with the bourgeois caste spirit. Their purpose was to supply the capitalists with obedient lackeys and able workers ... We say that our work in the sphere of education is part of the struggle for overthrowing the bourgeoisie. We publicy declare that education divorced from life and politics is lie and hypocrisy. The working people are thirsting for knowledge because they need it to win. Nine out of ten of the working people have realized that knowledge is a weapon in their struggle for emancipation, that their failures are due to lack of education...All who really sympathize with the people, all the best teachers will come to our aid, and that is a sure pledge that the socialist cause will triumph. [2]

The bourgeoisie uses education as a prerogative of their rule, as a tool for maintaning their hegemony and perpetuating the values upon which it rests.

Inspite of these limitations it plays a positive role too. Through the prevailing system of education, people get the opportunity to acquire basic skills, and acquaintance with reading, writing and arithmetic. Language enables a man to think and higher thinking involves, among other things, a higher degree of linguistic ability. Knowledge of mathematics helps in the development of rational thinking. In addtion, this education system spreads knowledge of the sciences, natural and social.

## *Science and Society*

Modern natural science arose in the period when the power of the feudal nobility was being broken and the modern European bourgeois nations were being formed. "Natural science developed in the midst of the general revolution and was itself thoroughly revolutionary", wrote Engels. "And the same class forces which are carrying through the revolution carried through the development of sciences. Science appeared as a great force of enlightenment, breaking through past ignorance and superstition."[3] "From the very beginning," Engels wrote, "the origin and development of the sciences has been determined by production".[4] Science owes its origin to the production process and in turn the development of modern science brings revolutionary changes in the forces of production which pushes production forward. But we should bear in mind that "the class which, in any particular period, has taken over the general management and direction of society, and therefore the state, religion and so on, also takes charge of the sciences and exercises a controlling influence over their development."[5] "The fact that a particular class takes the leading part in the general development of science also places definite conditions and limits upon the development of the ideas of sciences".[6] But inspite of the subjection of science to capital, it has not lost its primary function of developing forces of production. "The content of the discoveries of science is not determined by an economic basis. They are directly connected with needs of production and of the social intercourse consequent on production, reflect objective facts and laws, serve society generally and remain valid for any economic basis". [7]

## *Marx on Education*

In view of the above discussion we may try to formulate tentative objectives of education which may ultimately help changes in the social structure of the country. But before that let us try to acquaint ourselves with the educational ideas of Karl Marx. In an article entitled "Juvenile and Children's Labour (Both Sexes)", Karl Marx stated in 1866:

> It may be desirable to begin elementary school instruction before the age of 9 years; but we deal here only with the most indispensable antidotes against the tendencies of social system which degrades the working man into a mere instrument for the accumulation of capital, and transforms parents by their necessities into slave-holders, sellers

of their own children. The right of children and juvenile persons must be vindicated. They are unable to act for themselves. It is therefore, the duty of society to act for their behalf.

If the middle and higher classes neglect their duties toward their offspring, it is their own fault. Sharing the privileges of these classes, the chlid is condemned to suffer from their prejudices.

The case of the working class stands quite different. The working man is no free agent. In too many cases, he is even too ignorant to understand the true interest of his child, or the normal conditions of human development. However, the more enlightened part of the working class fully understands that the future of its class, and, therefore, of mankind, altogether depends upon the formation of the rising working generation. They know that, before everything else, the children and juvenile workers must be saved from the crushing effects of the present system. This can only be effected by converting social reason into social force, and, under given circumstances, there exists no other method of doing so, than through general laws, enforced by the power of the state. In enforcing such laws, the working class do not fortify governmental power. On the contrary, they transform that power, now used against them, into their own agency. They effect by a general act what they would vainly attempt by a multitude of isolated individual efforts.

Proceeding from this standpoint, we say that no parent and no employer ought to be allowed to use juvenile labour, except when combined with education.

By education we understand three things :

Firstly : Mental education

Secondly : Bodily education, such as given in schools of gymnastics and by military exercise.

Thirdly : Technological training, which imparts the general principles of all processes of production, and simultaneously, initiates the child and young person in the practical use and handling of the elementry instrument of all trades.

A gradual and progresive course of mental, gymnastic and technological training ought to correspond to the classification of the juvenile labourers. The costs of the technological schools ought to be partly met by the sale of their products.

The combination of paid productive labour, mental education, bodily exercise and polytechnic training, will raise the working class far above the level of the higher and middle classes.[8]

*Guidelines*

Karl Marx suggested the above principles of education in a particular context. From his writings we have the following guiding principles :

1 Every individual must have the right to education.

2 As long as working people are not able to make themselves free from exploitation, the right of children and juvenile persons, including their right to education, must be vindicated through general laws, enforced by the power of the state.

8 Education can never be considered as mere intellectual pursuit: good education must always be integrated with technological training.

4 Technological training does neither mean acquisition of mere skills of production through exercise, nor that of mastering some theoretical knowledge about the productive system. Technological training should be provided in a real productive situation and it should impart general principles of all processes of production and initiate the practical use and handling of the elementary instrument of all trades. Mere production-oriented education is not sufficient. Three aspects of education — mental, physical (bodily training) and technical (productive efficiency) should be integrated into a whole.

5 Courses of studies should be gradually differentiated according to the needs of society.

6 Wherever students participate in productive labour they must be paid for their work.

A new education organized on the above principles should not aim at fortifying the existing governmental power or disseminating the views and ideas helpful in maintaining the exploitation-based social order.. New concepts arise in opposition to old ones, corresponding to the development of the class struggle. In new education the emerging views and ideas in consonance with the changing social order find its proper place. It must develop a scientific, democratic and patriotic attitude in the rising generation.

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[1] V I Lenin, *Collected Works*, Vol 2, Foreign Language Publishing House, Moscow 1963, p 472.

[2] V I Lenin, *Collected Works*, Vol 28, Progressive Publishers, Moscow 1965, p 87-88.

[3] Maurice Cornforth, *Dialectical Materialism*, Volume III, *The Theory of Knowledge*, National Book Agency Private Ltd., Calcutta 1965, p 150.

[4] *Ibid.*, p 126.

[5] *Ibid.*, p 131.

[6] *Ibid.*, p 132.

[7] *Ibid.*, p 145.

[8] Karl Marx and Friedrich Engels, *Selected Works*, Vol 2, Progress Publishers, Moscow 1969, p 80-81.

BHABESH MOITRA

# *BOOK REVIEWS*

## Review Articles

### *Class Forces in the Indian Economy*

RANJIT KUMAR SAU, INDIAN ECONOMIC GROWTH: CONSTRAINTS AND PROSPECTS, Orient Longman Limited, 1973, pp 116 Rs 8.50.

AFTER 23 years of capitalist planning, India is passing through a phase of deepening economic crisis characterized by a stagnant industrial sector, a tradition-bound agrarian sector and a disproportionately bulging tertiary sector with labour force displaced from agriculture and traditional industries by overcrowding in the former and capital scarcity in the latter. Galloping prices and an acute food shortage have made life a misery for the masses. The lucky few have moved along the capitalist path of development to an increasing concentration of wealth, income and economic power. Every five years, the Planning Commission fabricates fat volumes called "Five Year Plan Drafts" which prescribe the routine "unique strategy of economic development with particular emphasis on self-reliance, growth and reduction in inequality." The Fifth Plan has gone a step further, bringing in the political slogan of *Garbi hatao* (Elimination of Poverty) in the form of 'Growth with Justice'. The planning efforts have culminated in the expansion of the monopoly houses and the parallel (black money) economy.

It is in this context that one is compelled to raise questions regarding the laws of motion of the economy. This is what Ranjit Sau attempts to do in his book, a collection of three articles published in the columns of *Economic and Political Weekly. A* remarkable feature of this book is the stress on "the dynamics of an economic system . . . determined by the prevailing class relations."

In the first chapter, "Indian Economic Growth: Constraints and Prospects," the author tries to explain the production relations existing in agriculture, industry and commerce and arrives at a theory of income distribution based on "the foundation laid by Marx and Kaleck". Sau argues with certain reservations that capitalism has made its entry into Indian agriculture. In the Leninist sense, "the extent to which hired labour is used is certainly the best and most direct indicator of the development of capitalism".[1] But this cannot be considered as the sole manifestation of agricultural capitalism. There are many small farms where owners are unable to cultivate by themselves for one reason or other and therefore employ wage labour.[2] The chief motive force of capitalism is accumulation of surplus and its re-investment for the "intensification of production or for enlarging the scale or both".[3] Production for the market may be taken as another manifestation of capitalism.

## *Capitalism in Agriculture: Evidence Examined*

According to the author only 30 per cent of the total land in India employs wage labour and this is not a sufficient indication of capitalist development. But later on he points out that our agriculture is characterized by the co-existence of big farms along with small holdings. It is common knowledge that capitalist development is possible only in relatively bigger farms. As an evidence against capitalist development, he points out the fall in absolute numbers of agricultral labourers in the decade 1951-61. At the same time, the attached agricultural labour households recorded an increase of 17 per cent between 1950-51 and 1956-57.

It seems that Sau has uncritically accepted the census figures of agricultural labourers. If one compares the 1961 and 1971 census data, one finds a sudden spurt not only in the number of agricultural labourers, but also in the proportion of agricultural labourers to all agricultural workers, from 23.26 to 37.53 per cent over the decade. This has happened because definitions of occupations change from census to census. In the case of attached labourers too there is a definitional change between the first and second Agricultural Labour Enquiry Reports.[4]

It is rather difficult to get either cross-section or time series data to prove the existence and reinvestment of surplus in our agriculture. Indian farmers tend to declare a lesser than actual income to official inquirers. Sau examines the Reserve Bank data on rural assets and capital expenditure in farm business for the year 1961-62 and tries to find whether some evidence exists for re-investment. The composition of tangible wealth of rural households shows that farm equipment comprised only a very small portion of the total. The share of agricultural implements in the total expenditure on farm business is only 11 per cent. Less than 3 per cent of the households spend on wells and irrigation resources. Twenty per cent of the aggregate expenditure on farm business is on land. Therefore the author concludes that Indian agriculture is still primitive in nature. But it is to be noted that if at all surplus is generated in agriculture, it need not necessarily be invested in agriculture alone.

## *Surplus Marketed and Marketable*

The pace and pattern of market arrival of foodgrains are shown as evidence against capitalist development in agriculture. Sau argues that small farmers' marketed surplus as a proportion to their total output is very substantial and it is more of a reflection of semi-feudal exploitation than of capitalist development. But the contribution of the small holders to the aggregate marketed surplus has clearly declined from 33 per cent to 26 per cent over a ten-year period ending 1960-61. It is interesting to note that the marketed surpluses of agricultural production grew at an estimated annual rate of 2.9 per cent, higher than the growth of agricultural production so that the proportion of agricultural output marketed is estimated at 44 per cent in 1960-61 compared to about 39 per cent in 1950-51.[5] Operated holdings of 20 acres or above contributed nearly one half of the total marketed surplus even though they had less than two-fifths of the area and grew less than a third of output.[6]

The author also contends that the bulk of the market arrivals is in the immediate post-harvest season of January-March, when the seasonal price indices are the lowest. A clear examination of the data furnished in table 5 of the book discloses that the inter-seasonal variations in the proportion of market arrivals are not very significant, except for the fourth quarter in the case of rice. Regarding wheat, though there are considerable variations in market arrivals between the second and the third quarters, the price differences are not all that big.[7] Since 1969, there is a pronounced tendency for inter-season price differences to narrow down. It may also be possible that small farmers market whatever they can immediately after the harvest, whereas the bigger holders retain a substantial proportion of their surplus for the lean season. A statement elsewhere in the book that a "bulk of the marketed surplus is under the firm control of a handful of landowners and moneylenders..."[8] lends support to this hunch. Here,we have also to make a distinction between marketed surplus and marketable surplus, as the existence of a blackmarket is universally accepted.

### *Gentlemen Farmers*

A recent study based on 66 large farms from different parts of India has clearly shown that at least in some pockets, a vigorous capitalist development has taken place in the 1960s, if not earlier.[9] Sau's analysis is mainly confined to the early 60s and this is perhaps why he failed to notice the emerging trend more clearly. He agrees that capitalism has penetrated Indian agriculture, but tries to array arguments against capitalist development. Hence one has to say that this part of his analysis is not free from confusion! Sau's definition that "the capitalist farmer is the chief sign and sure indicator of capitalism in agriculture" sounds rather metaphysical.

The author left out in his analysis, the fact of a developing market for agricultural commodities. During the period 1961-62 to 1971-72 the weighted terms of trade between agriculture and industry have moved by approximately 25 per cent in favour of the former, sowing the seeds of a scissors crisis in the economy.[10] The agriculturists are allocating their resources in such a way as to keep the market prices of their commodities as high as possible. Conversely they want to keep down the input prices to the minimum level. Thus exploitation of the consumers co-exists with the exploitation of wage-labour. This phenomenon may be deemed as another broad indicator of a tendency towards agricultural capitalism.

One may not have any difference of opinion with Sau when he asserts that "the rural economy of India is still under the sway of semi-feudal exploitation", in the sense that the predominant mode of production is semi-feudal. Though he has critically outlined the contradiction the mode of semi-feudal exploitation entering into the bones of our rural economy is not fully brought out.

## *Burden of Superimposition*

In western countries capitalism developed only after destroying the precapitalist mode of production. But in India "capitalism was superimposed on precapitalist society".[11] The contradiction between the bourgeoisie and the landlords who share state power and the inherent accumulating tendency of capitalism have kept the average earning of the factory workers constant over the last three decades. A recent study for the period 1962 to 1969 shows that value added per worker has been growing in the organized manufacturing sector and has far outstripped the growth of wages per worker.[12] On the other hand, the share of salaries and benefits in the value added is on the increase. Incidentally it may be pointed out that a fall in real wages is observed in the case of agricultural labourers also.[13]

One section of the first chapter is devoted to the analysis of problems of poverty. It examines the policy prescriptions of Dandekar and Rath and offers criticisms as to their inadequacy. As remarked by another reviewer, "Sau does not for a moment point out that the whole analysis (of poverty by Dandekar and Rath) is pointless because their standpoint is basically wrong."[14]

## *A View of the Triumvirate*

Coming to the question of foreign collaboration, one finds that the impact of foreign monopoly capital is very strong, in "the principal foreign currency earning industries" and in those which are the main "sources of modern power" in India. In the 1950s foreign companies and their branches accounted for over 40 per cent of the total net profits of all companies in India.[15] When technologies developed in the western advanced capitalist countries—needless to say that they are capital intensive and labour displacing—become obsolete, they are generally imported to underdeveloped countries like India because our national bourgeoisie knows that they would fetch more profit to them than any labour intensive, indigenous technology would. The attempt of I Sen[16] to attribute semi-colonial character to the Indian economy does not seem to be sound in the light of the existing realities. Our bourgeoisie is largely an independent national bourgeoisie and their chief motive behind any sort of collaboration with capitalist as well as socialist countries is to strengthen rather than to expose themselves to semi-colonial exploitation. Nobody denies that in this process, certain concessions are being granted to the foreign monopoly capitalists.

Ranjit Sau presents the upshot of his analysis, that "the Indian economy is dominated by three monopolies, namely (a) the landlords and rich peasantry (b) domestic monopoly capital and (c) foreign monopoly capital". If the order in which the above factors are stated mean their relative influence on our economy, one has to say that he has failed to understand the implications of the all-pervading nature of the domestic monopoly-capital. Actually it is the big or monopolistic bourgeoisie that leads the state power, allying with landlordism and sharing power with it and increasingly collaborating with foreign monopoly capital with a view to building capitalism in India[17].

Finally, we arrive at a theory of income distribution where the economy is divided into two sectors, namely agriculture and industry. Sau contends that in order to counteravail the adverse effects of the terms of trade, the industrial sector prefers to employ highly paid salary earners who "would lead to a smaller rise in the price of foodgrains than the low paid wage earners would ". This would explain the tumbling down in the share of wages in value added.

In order to maintain the *status quo* in agriculture the large holders keep nearly 300 million acres of cultivated land idle for half the year. As a way out of this impasse, Sau suggests the organized cultivation, by the landless labourers, of this land for the *purpose of output maximization.* Isn't it only a bit of wishful thinking, considering the character of the ruling class in our country?

### *Returns to Scale*

In chapter II, "Agricultural Revolution by Production Function", Sau examines the validity of the neo-classical concept of Cobb-Douglas production function as applied to Indian agriculture. Two major shades of opinion prevail regarding returns to scale in our agriculture, viz. (i) gross output per acre varies inversely with farm size (AK Sen and Deepak Mazumdar being the leading proponents) and (ii) if acreage is corrected with an index of fertility, gross output per corrected acre generally remains constant with an expansion of farm size (AM Khusro). Sau gives a brief review of Cline's *Economic Consequences of Land Reform in Brazil* and tries to see whether the findings suit the Indian context. He concludes that: "no one knows as yet whether increasing, decreasing or constant returns to scale prevail in this sector". Nirmal Chandra's study based on Farm Management and Production of Crops data for West Bengal has shown that farm size, if taken separately, appears to have no impact on output per acre.[18] The athor also makes the hypothesis that the present political forces have led to the disintegration of the middle peasantry and to the co-existence of affluent capitalist farms along with small peasant farms.

When differentiating between the forms of peasantry, Sau uses the criterion of acreage held, instead of the degree of expolitation.

## *Resource Allocation*

The third chapter is a well-written piece on "Resource Allocation in Indian Agriculture." Efficiency of resource allocation is a problem facing planners even in socialist economies, let alone capitalist planners. In private entrepreneur economies lack of efficiency in resource allocation either leads to the overproduction trap as has happened in US agriculture [19] or to glaring inequalities in income distribution and mounting unemployment as in India. Therefore, the author recommends expansion of irrigation facilities in the place of the much-trumpeted Green Revolution strategy of using new fertilizers and mechanized farming. The former is less expensive, less time consuming and more employment generating while the latter is more capital intensive accompanied by all its bad consequences. It only benefits the landlords and the rich peasants.

In a huge country like India which consists of different socio-economic units, it is very difficult to generalize for a particular mode of production. Different parts of the country are at different historical stages of development. Generalization conceals rather than reveals many of these aspects. In such a situation, analysis of a regional nature will be more useful. For instance, Amit Bhaduri's study of 26 Bengal villages gives a fairly good picture of the nature and process of semi-feudal exploitation in the traditionally backward Bengal agriculture. [20]

The analysis of the emergence of class forces in our economy however does not reflect sufficient insight into their historical development on the part of the author. Even though he raises numerous issues in the present book, some of them are left out without adequate analysis. One also gets the impression that facts are not presented in a coherent manner as one comes across repetition of ideas and shaky arguments. It also needs to be mentioned that the use of outdated data has made the analysis less rigorous and terse. In spite of all these, Sau's book deserves special attention as the first serious academic attempt at explaining the laws of motion of the Indian economy on a class basis.

M K SUKUMARAN NAIR

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[1] V I Lenin, "New Data on the Laws Governing the Development of Capitalism in Agriculture", *Collected Works*, Vol 22, Progress Publishers, Moscow 1964, pp 46.

[2] Nirmal K Chandra, "Farm Efficiency under Semi-Feudalism, A Critique of Marginalist Theories and some Marxist Formulations", *Economic and Political Weekly*, Special Number, August 1974. Also see S Radhakrishnan, "Some Aspects of the Agrarian Structure in Kerala—An Analysis with Special Reference to the Capitalist Development in Three Villages", an unpublished M Phil dissertation, Jawaharlal Nehru University, New Delhi.

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[5] Utsa Patnaik, "Development of Capitalism in Agriculture", *Social Scientist 2*, September 1972.

[6] Utsa Patnaik, *op.cit.*

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[13] See A V Jose, "Trends in Real Wage Rates of Agricultural Labourers", *Economic and Political Weekly*, Review of Agriculture, March 1974.

[14] I Sen, Book Review, *Frontier*, June 15, 1974.

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[16] I Sen, *op.cit.*,

[17] See M Basavapunniah, "Revolutionary Techniques with Special Reference to Indian Conditions", *Social Scientist 23*, June 1974.

[18] Nirmal K Chandra, *op.cit.*

[19] See Johnson L Glenn and Quance C Leroy (Ed), *The Overproduction Trap in U S Agriculture*, Johns Hopkins University Press, Baltimore and London.

[20] A Bhaduri, "Agricultural Backwardness under Semi-Feudalism", *The Economic Journal*, March 1973.

# *Selling Gandhism for Modernization*

YOGENDRA SINGH, OLD WINE IN NEW SKINS: MODERNIZATION OF INDIAN TRADITION, Thompson Press (India) Ltd, Delhi 1973, Rs 13.

The importance of 'official' sociology—and this book is an eminent example of it, having been financed by the Government of India through the National Book Trust "for the benefit of the students"—lies not so much in deciphering the intentions of the author as in analysing the trend it represents.

The burden of this book is to present Gandhi's philosophy as "a total alternative world-view to the two of the most basic world-views of the contemporary times: that of *hedonistic liberalism* of the so called modern free world, and second, that of *hedonistic* collectivism (Marxism) of the socialist societies"[1] in the form of a system based on morality reached by an ideal method of self-restraint, rejection of modern industry, the notorious thesis of 'trusteeship' in property and so on, in spite of the fact that "Gandhism has become a mere sect instead of being a cultural force with a dimension of mass mobilization"![2]

It should not surprise us that the author should choose Gandhi with his "vagueness, eclecticism and evasion of class issues," peculiarly fitted to a society, which, while moving on to newer and more intense forms of exploitation, still maintains precapitalist forms of appropriation and distribution. As Pavlov and Ulyanovsky have noted, this is no unique phenomenon restricted to India, but a general feature of ex-colonial countries pursuing the capitalist path of development, hostile both to laissez-faire liberalism and to socialism. They have pointed out that "all the prevailing South Asian ideologies have in principle justified the existing system of the redistribution of the product and only in exceptional cases have tried to change it in some way. In a new historical situation when the most accute social conflicts are already mediated by the invasion of capitalism, the traditional religious consciousness serves as basis for a conservative reaction to the newly-emergent phenomena and processes. At the same time, no narrow class ideology, including bourgeois nationalism in a more or less 'pure' form, can take the place of the religious world outlook as the 'working', everyday ideology of the masses of the people."[3]

The reason for it is obvious. In the era of socialist revolution, with the wars of national liberation led by the working class as the most striking experience of our times, bourgeois nationalist ideology is a played out force which falls back into the arms of revivalism in opposition to socialism, just as the bourgeoisie itself makes peace with the landlords and imperialists in the face of the aspirations of the working class and peasantry.

### *Roads to Modernization*

That this work is primarily an idealistic ideological exercise is evident from the way in which the author deals with change, the central subject of his book. He starts out with the complaint that "change ceases to be viewed as a normal social process; it is transformed into an ideology that change is in itself desirable and must be sought for".[4] This condemnation of *all* ideology is not as unideological as it looks. While it is true that all ideologies are biased, what the author chooses to ignore is the fact that *the ideologies of different classes do have varying degrees of scientific potential depending on their specific historic role.*

Thus Singh lumps together *all* the "nationalistic aspiration" in ex-colonial societies, failing to distinguish bourgeois national liberation and its perspective from that of the workers and peasants. But his exercise fails in its application as his discussion on "intsitutionalization" and "structural breakdown" reveals. He notes that

> in many developing countries in Asia modernization contributed to a structural and cultural breakdown in society. The cases of China, Indonesia, Burma and Pakistan could be cited. The only successful case of modernization in Asia is that of Japan, *but there too its institutionalization has not been without a breakdown* following the Second World War[5]. (Emphasis added).

Not only is he unable to prove that the possibility of modernization without tears exists, but his schematization fails to distinguish the radically different class content of the developments he chooses to subsume under the label of 'modernization'. That this is more than merely a problem of nomenclature is evident from the fact that from his perspective we cannot explain why Chinese modernization has dealt with the crucial problems of unemployment and inflation while its apparently 'successful' Japanese counterpart continues to be plagued by both. Behind this lies the fundamental fact that *radically different and opposed production relations obtain in these two countries* which no social scientist can ignore. Chinese modernization, taking place as it did under the leadership of the working class, did away with the relation of the owner of the means of production while in Japan, it was precisely the class of owners of the means of production who directed the 'modernizing' process and institutionalized that relation.

Now, such confusion of the two processes, fundamentally different as they are, can only be in the interest of presenting the more outdated of the two forms of 'modernization'—bourgeois modernization—not only as equally possible, but also as good an alternative as working-class modernization or socialist development, which it clearly is not. In the context of ex-colonial countries such an approach fails to distinguish between the crisis-ridden states like India, pursuing the bankrupt capitalist path, burdened with poverty, outdated precapitalist land relations, foreign debts and crippling imperialist economic control, and those relentlessly pursuing a path of socialist development in the face of imperialist aggression, like Vietnam and Korea, having eliminated precapitalist land relations, illiteracy, unemployment and imperialist economic dependence. To obscure such differences is obviously in the interest of the Indian ruling classes.

## *'Controlled Suppression'*

But Yogendra Singh does more than that. He ends up by creating the illusion that everything is all right in Congress India and that, "given a democratic political framework there exists a built-in mechanism in this system to build pressures for removal of inconsistencies emerging from unco-ordinated changes in the 'conditions' of modernization", as a result of which the "chances of the institutional breakdown are minimal".[6] Of course, no one in his right mind is likely to take such unadulterated assurances at face value when the exploits of the Border Security Force, Central Reserve Police and other constabulary at the expense of the civil population are our daily diet in the newspapers; there is a proviso that all will go well if "at no stage in the Indian process of development would conciliation as a goal of resolving contradictions be renounced or replaced by a policy of controlled suppression"[7]. What does such a proviso mean when "controlled suppression" is an understatement for the military campaigns and wars the Central Government has been waging against suppressed nationalities like Bengal, Kerala and Bihar?

Such palpably false assurances only give the impression that the Congress government, or any other section of the bourgeois-landlord ruling classes for that matter, may or may not choose to destroy the norms of bourgeois democracy today, and not that a crisis which they cannot overcome has forced them to abandon democratic forms and resort to naked class oppression. This book provides a mask not only for what the ruling classes are doing but also tries to put it about that inspite of the crisis they can still rule in the old way. The fact that the effort, inspite of such a massive mobilization of resources, still remains crude shows how obviously futile such an attempt is in the face of hard realities of today.

## *Sources of Tradition*

The book is riddled with contradictions. Take the concept of tradition, for which the author has recently been praised effusively by H C Srivastava[8]. On the one hand, tradition is seen as developing out of "a process of synthesis emerging from the interplay and conflict of contradictory systems of values and class interests"[9]; on the other it becomes "the total range of changes governed by the orthogenetic patterns in the cultural and social structures," while arbitrarily modernization is thrown out as "the net balance of changes following from heterogenetic contacts".[10]

In application, Indian and Hindu traditions become synonymous[11] while Islam and Christianity are extraneous.[12] That the process of selection is purely arbitiary is obvious from his choosing "Vedic Hinduism" of 1000 B C—500 B C as paradigmatic of the 'orthogenetic' tradition[13] and not merely that, he appears to have settled even for a more restricted view of Hinduism, that of Vedanta, when he states that "Classical Hinduism is always based on theistic beliefs".[14] Unfortunately this is as ill-informed as it is arbitrary, and Debi Prasad Chattopadhyaya in his books *Indian Atheism* and *Lokayata* has already dealt with such general misinformation.

Moreover, by merely designating change as 'orthogenetic' and 'heterogenetic' arbitrarily, one cannot get away from the fact that the sources of changing tradition need to be specified. Here again, already a fairly detailed approach to the problem exists in Kosambi's *Culture and Civilization of Ancient India,* whose section on "Primitive Survivals in the Superstructure" should dispel any preconception about the "primordial" nature of the Vedas. Also, as regards the importance of the mode of production in changing tradition, and as a basic rationale for it, Singh has yet to show that his schema, for all its complexity, can achieve the same degree of insight into the development and variance in tradition as Kosambi has done in his fifth chapter, "From Tribe to Society". It is not that Singh is unware of this perspective, for while he notes in a footnote that Kosambi "maintains that many cultural items of the existing peasant Hindu culture have their origin in the aboriginal cults and culture patterns"[15], he merely chooses to ignore it and ends up with a concept close to Balraj Madhok's concept of 'Indianization'.

## *Attack on Marxism*

This brings us to his attack on Marxism. The overtly ideological character of his approach is evident from his disparaging references to 'totalitarian' political systems, the Marxist 'challenge' and so on, a fact which does not escape even Srivastava, his eulogist, who is finally forced to charge him with "a value-laden negative approach"[16] to socialism.

What is the essence of his attack? It is the age-old method of using well-known West German and U S anti-Marxists, such as Ralph Dahrendorf and Edward Shils, as authorities on the development of Marxism.[17]

Here it may only be noted that Dahrendorf, in a caricature of social theory, believes that 'conflict' (confusing class conflict, a specific historical development under specific conditions in the organization of the productive process, with all conflict) is endemic in all societies, emanating basically from 'authority positions', and reduces the arena of social conflict from that of the struggle between the owners of the means of production and sellers of labour to that between managers and non-managers! This, of course neatly allows him to bracket Soviet managers with their U S counterparts, sidestepping the awkward but crucial fact that the U S manager manages the affairs of a handful of U S monopolists, gearing his efforts to their maximum profit while his Soviet counterpart works for, and is given correctives by, the working class. Behind all this confusion is merely one aim to obscure the difference between monopoly capitalism and socialism, so that then, like Dahrendorf, in capitalist countries too, we can plead for an accommodation with, rather than the overthrow of, the owners of the means of production who have outlined their use as a social force and are today a fetter on progress.

It is not that Singh is unware of these things. He shows himself to be well aware of the Marxist position which he notes,

> treats 'breakdown' in the established political, economic structural framework of a society as a necessary and inevitable condition for development towards modernization. Class struggle and its international form of struggle between rich and poorer nations are here assumed as necessary processes for such evolutionary achievements. Even modernization as a concept is understood differently, its focus is on changes in stratification system, system of property ownership and ownership of productive resources in a nation, and not on psychological-normative variables like 'achievement orientation', 'psychic mobility and 'rational hedonism' etc.[18]

But he fails to connect it to his own statement, on the previous page, that no society in Asia (not even Japan) managed to escape 'structural breakdown', as a result of which the Marxist 'assumption' is not so ill-founded as he makes it appear. In fact, his is a conscious choice for the 'democratic association' of Talcott Parsons as the 'highest evolutionary stage' which in spite of all its theoretical limitations, all openly admitted by Singh, presents, in the final analysis, a model and course of modernization that "*hypothetically...* would involve least conflict through stages of transition"![19] He is still willing to accept the *hypothesis* offered by the imperialists in the face of the reality which he admits we are confronting but which he is subjectively unwilling to accept. That, indeed, is the most bankrupt ideological position to take.

## *Responsibility for Indian Failure*

That this bankruptcy merely reflects the bankruptcy of the Indian ruling classes can be clearly seen from his defence of the Indian business elite, who are said to "organize their industrial activities and investment on similar scientific and rational lines as their Western counterparts",[20] driven by "patriotic zeal" to taking this country to the brink of ruin, while on the other hand, the workers, the force on whose backs the industry of this country has grown, are dismissed as having a "limited" role in modernization, "though not insignificant".[21]

On whom does the blame for slow progress rest? On those industrialalists who refuse to provide employment by refusing to run their units to capacity because it is more profitable to corner the market and thrive on scarcity? Or on the speculators who set up false industries to siphon off government funds? On landlords who still maintain archaic relations like sharecropping which makes us agriculturally the most backward country in the world? No, while Singh admits that "part of the answer to this question lies in the domain of economics" (with which he is not concerned) "but another part of the explanation is associated with the cultural and sociological features of the Indian society" (with which he is concerned) where he squarely puts the blame on the Indian worker for not being "committed to industrial work and way of life."[22]

What this approach wishes to obscure is the fact that there is yet another 'industrial way of life', that of the socialist world which is manifestly more successful than that being eulogized by Singh, and that only fools or scoundrels would be committed to the degradation, poverty and suppression that characterizes the contemporary Indian industrial scene. Today the industrial worker is kept committed to Yogendra Singh's 'modernization' by means not only of starvation, but at the cost of the abrogation of the Indian Constitution (as during the Railway strike) the indiscriminate use of Defence of India Rules and Maintenance of Internal Security Act and by the force of arms, as the regular news of police firing in factories testifies. It is not surprising, therefore, that they do not wholeheartedly support it as Singh appears to expect !

### *Note of Warning*

All in all, this book for all its liberal professions, ends up with a cultural model of tradition essentially similar to that of Balraj Madhok, a rejection of the necessity of class struggle, and a necessary, if somewhat apologetic, dependence on imperialist theoreticians in spite of their rather obvious failure to analytically deal with the social situation in ex-colonial countries and the socialist world. However, the tongue-in-check attitude of the author and his failure to defend his position consistently are only indicative of how desperately the ruling classes are attempting to peddle their wares and how difficult it is becoming. But at the same time, the fact that such a work can be referred to as 'brilliant' from a sociological perspective should serve as a warning to us that this does not necessarily mean that the desperation of the ruling classes is matched by a clear-thinking scientific alternative which it is our task to build.

SUNEET CHOPRA

[1] Yogendra Singh, *Old Wine in New Skins: Modernization of Indian Tradition*, p 44.

[2] *Ibid.*, p 45.

[3] V Pavlov and R Ulyanovsky, "Third World Problems: Myrdal's Conception and the Marxist Viewpoint", *Social Sciences*, Vol 4, No 2 (12), Moscow 1973, p 150.

[4] Yogendra Singh, *op.cit.*, p 1.

[5] *Ibid.*, p 204.

[6] *Ibid.*, p 213.

[7] *Ibid.*

[8] H C Srivastava, "Concept of Tradition in Indian Sociological Thought", *Social Scientist 27*, October 1974, pp 17-25.

[9] Yogendra Singh, *op.cit.*, p 19.

[10] *Ibid.*, p 26.

[11] *Ibid.*, p 85.

[12] *Ibid.*, p 62.

[13] *Ibid.*, p 30.

[14] *Ibid.*, p 46.

[15] *Ibid.*, p 221.

[16] H C Srivastava, *op.cit.*, p 24.

[17] Yogendra Singh, *op.cit.*, pp 18-19.

[18] *Ibid.*, p 205.

[19] *Ibid.*, p 207.

[20] *Ibid.*, p 152.

[21] *Ibid.*, p 156.

[22] *Ibid.*, p 155.

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REPORT

61 Economic Crisis in India and the Fifth Five Year Plan: Conclusions of the Third All India Conference of the Indian School of Social Sciences

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*Articles, notes and book review express the views of their authors and not necessarily of the editors or of the Indian School of Social Sciences.*

# OUR CONTRIBUTORS

*SUHAS CHATTOPADHYAY is in the Economic Research Unit of the Indian Statistical Institute, Calcutta.*

*Dr V A GAITONDE, is a journalist in Bombay.*

*P MOHANAN PILLAI is research fellow at the Educational Survey Unit, National Council of Educational Research and Training, New Delhi.*

*Dr K SIVATHAMBY is in the Department of Tamil and Dravidian Studies, University of Sri Lanka, Vidyodaya Campus, Nugegoda, Sri Lanka.*

*H S VERMA is an economic consultant in Bombay.*

## FROM THE EDITOR

IN the past year, the capitalist path of development charted in the Indian Five Year Plans has run into stormy zones overshadowed by the world capitalist crisis, massive inflation, colonial heritage and intensifying internal contradictions. It was the theme of the recent Third All India Conference of the Indian School of Social Sciences.

The report section of this issue of the SOCIAL SCIENTIST sums up the deliberations of the conference in a document which goes to the roots of the economic crisis and outlines alternative policies.

*SUHAS CHATTOPADHYAY*

# *Inflation, Stagnation and an Alternative Approach to Planning*

AFTER independence, the ruling bourgeoisie proceeded to develop the economy along capitalist lines in order to further strengthen its class position in Indian society. Economic planning by the state formed part of the bourgeoisie's moves towards this goal. At the time when planning was initiated, the surplus value extracted in Indian industries in the pre-plan years was too inadequate to meet the minimum investment requirements for rapid expansion. Profit-motive ran counter to self-reliance. The extracted surplus value was not ploughed back to increase capital formation. During the three Plans, when manufacturing industries, despite fluctuations, maintained appreciable rates of growth, the government, instead of mobilizing the total material and manpower resources of the nation in order to make a forward stride in our economy and put it on the road to self-reliance, relied heavily on foreign aid and deficit financing. This inevitably led to structural imbalances, which in turn led to an inflationary price rise towards the end of the First Plan.

The First Plan had started with a precipitous decline in the price level because of immediate possibilities of termination of the Korean War and the worldwide tendency to reduce accumulated stocks. During the first quarter of 1952, markets in India were flooded with goods previously hoarded. Agricultural production exceeded the target due to favourable monsoons and other climatic factors entirely unconnected with planning. Industrial production also steadily increased because economic planning facilitated, notwithstanding serious limitations of government policies, a more expedient use of the resources hitherto unutilized.

## *INFLATION*

### *Finances of the First Plan*

At the same time, deficit financing was undertaken in a somewhat wary manner. Although in the first year of the plan there was a surplus, the magnitude of the total deficit during the first four years was Rs 240 crores. External assistance utilized during the first year of the plan was of the order of Rs 64.9 crores and Rs 45.6 crores in the second year. But in the third and fourth years it came down to Rs 18.5 crores and Rs 16.0 crores respectively. During the first four years 71.39 per cent of the plan expenditure was financed from budgetary resources, 10.77 per cent from external resources, and 17.84 per cent from deficit financing. The proportions of external resources and deficit financing in the total outlay during the first four years, although moderately high, did not lead to an inflationary price rise, because of greater availability of industrial raw materials of agricultural origin, foodgrains and other farm and industrial products, so that aggregate demand lagged behind aggregate supply.

But the situation changed abruptly in the last year of the First Plan because expenditure greatly exceeded available investment resources and 52.51 per cent of plan finance was drawn from external assistance and deficit financing. The magnitude of the deficit (about Rs 292 crores) exceeded the total deficit incurred during the first four years of the plan (Rs 240 crores). There were a few crop failures due to irregular monsoons. Consequently, an inflationary rise in prices began from the middle of the last year of the First Plan. It is quite evident that the dynamic equilibrium of expanded reproduction,[1] which appeared to have been restored at least partially during the first four years of the plan, suddenly reached the point of breaking down in the final year. The sudden abnormal rise in the proportion of deficit financing in the total plan finance was definitely the result of government's economic policies in total disregard to planned development, directed at strengthening the class rule of the bourgeoisie and landlords, led by the big bourgeoisie. The balance of power between these classes, as Mundle points out,[2] compelled the government to depend on sources other than the surplus value appropriated in either industry or agriculture for mobilizing investible resources.

### *Class Bias in Taxation*

During the First Plan, India already possessed a moderately well-established taxation machinery that could be effectively utilized for the pressing needs of developmental finance. But the government, because of its class character, was not at all interested in tapping the urban and rural rich with an obviously higher ability to pay. This is why the increase in the total yield from taxation over the whole period of the First Plan was very disappointing. In 1951-52, tax receipts were stepped up to Rs 774 crores. In 1955-56, the last year of the First Plan, receipts from taxation increased to only Rs 813 crores, showing an improvement of Rs 39 crores as compared to 1951-52. Over these years the proportion of tax revenue to GNP remained below 8 per cent (Table I).

TABLE I

Taxes in India as Percentage of GNP
1948-49 to 1973-74

(Rs crores)

| Year | Direct taxes | Indirect taxes | Total taxes | Col 2 as % of Col 4 | Col 3 as % of Col 4 | G N P | Col 4 as % of Col 7 |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1948-49 | 239 | 362 | 601 | 39.77 | 60.23 | N. A. | N. A. |
| 1949-50 | 219 | 394 | 613 | 35.73 | 64.27 | N. A. | N. A. |
| 1950-51 | 231 | 428 | 659 | 35.05 | 64.95 | 9503 | 6.9 |
| 1951-52 | 243 | 531 | 774 | 31.40 | 68.60 | 10049 | 7.7 |
| 1952-53 | 248 | 461 | 709 | 34.98 | 65.02 | 9857 | 7.2 |
| 1953-54 | 240 | 473 | 713 | 33.66 | 66.34 | 10532 | 6.8 |
| 1954-55 | 237 | 523 | 760 | 31.18 | 68.82 | 9798 | 7.8 |
| 1955-56 | 255 | 558 | 813 | 31.37 | 68.63 | 10342 | 7.9 |
| 1956-57 | 293 | 646 | 939 | 31.20 | 68.80 | 11730 | 8.0 |
| 1957-58 | 323 | 789 | 1112 | 29.05 | 70.95 | 11982 | 9.3 |
| 1958-59 | 336 | 817 | 1153 | 29.14 | 70.86 | 13343 | 8.6 |
| 1959-60 | 371 | 914 | 1285 | 28.87 | 71.13 | 13806 | 9.3 |
| 1960-61 | 420 | 1040 | 1460 | 28.77 | 71.23 | 14976 | 9.7 |
| 1961-62 | 467 | 1190 | 1657 | 28.18 | 71.82 | 15940 | 10.4 |
| 1962-63 | 574 | 1408 | 1982 | 28.96 | 71.04 | 17067 | 11.6 |
| 1963-64 | 707 | 1714 | 2421 | 29.20 | 70.80 | 19654 | 12.3 |
| 1964-65 | 763 | 1931 | 2694 | 28.32 | 71.68 | 22960 | 11.7 |
| 1965-66 | 775 | 2273 | 3048 | 25.43 | 74.57 | 23921 | 12.7 |
| 1966-67 | 832 | 2594 | 3426 | 24.28 | 75.72 | 27467 | 12.5 |
| 1967-68 | 859 | 2779 | 3638 | 23.61 | 76.39 | 32313 | 11.3 |
| 1968-69 | 910 | 3013 | 3923 | 23.20 | 76.80 | 33006 | 11.9 |
| 1969-70 | 1043 | 3353 | 4396 | 23.73 | 76.27 | 34900 | 12.6 |
| 1970-71 | 1091 | 3862 | 4953 | 22.03 | 77.97 | 39567 | 12.5 |
| 1971-72 | 1238 | 4511 | 5749 | 21.53 | 78.47 | 42163 | 13.6 |
| 1972-73 | N.A. | N.A. | 6660* | N.A. | N.A. | 46000* | 14.5 |
| 1973-74 | N.A. | N.A. | 7450* | N.A. | N.A. | 49300* | 15.1 |

SOURCE: "Union Budget 1974-75: A Survey", *Commerce*, March 9, 1974, p 93.
NOTE: Data on taxes collected by central, state and local governments.
* Estimated by the *Commerce* Research Bureau.

## *Politics of Deficit Financing*

Under such circumstances the most effective alternative for resource mobilization left open before the government was deficit financing. Deficit financing was the most suitable alternative because too much reliance on it would inevitably lead to an inflationary rise in prices, which in turn, could be used as a mechanism for a transfer of real incomes from the salaried and wage earning classes to the state and profit-earning classes. And this was actually needed for strengthening the class position of the bourgeoisie without causing any harm to its class alliance with the landlords but enabling it to grow economically more powerful at the cost of the common

TABLE II

Deficit Financing by Government

(Rs crores)

| Plan Period | Amount |
|---|---|
| First Five Year Plan (1951-56) | 532.0 |
| Second Five Year Plan (1956-61) | 948.0 |
| Third Five Year Plan (1961-66) | 1133.0 |
| Plan Holiday (1966-69) | 733.0 |
| Fourth Five Year Plan (1969-74) | 3750.0 (tentative) |

TABLE III

Money Supply and Growth in National Income

1961-62 to 1973-74

| Year | Money Supply (Rs crores) | Money Supply Index | Growth of National Income (at 1961-62 Prices) |
|---|---|---|---|
| 1961-62 | 3046 | 100.0 | 100.0 |
| 1962-63 | 3310 | 108.7 | 101.9 |
| 1963-64 | 3752 | 123.2 | 107.5 |
| 1964-65 | 4080 | 133.9 | 115.7 |
| 1965-66 | 4529 | 148.7 | 109.8 |
| 1966-67 | 4950 | 162.5 | 110.9 |
| 1967-68 | 5350 | 175.6 | 120.9 |
| 1968-69 | 5779 | 189.7 | 124.9 |
| 1969-70 | 6386 | 209.6 | 131.7 |
| 1970-71 | 7140 | 234.4 | 137.3 |
| 1971-72 | 8138 | 267.2 | 139.6 |
| 1972-73 | 9412 | 309.0 | 137.2 |
| 1973-74 | 10750 | 352.9 | 145.4 |

SOURCE: B Nanjundaiya and M L Nayyar, "Inflation: History and Remedy", *Yojana*, June 1974, Vol XVIII, p 15.

people. Therefore it would not be incorrect to say that political consideration was stronger than economic consideration in choosing deficit financing rather than tapping those having higher ability to pay, as an alternative for mobilizing investible resources. That is why we find the volume of deficit financing increased to a great extent in the fifth year of the First Plan. Its proportion in the total outlay on the plan in the same year was as high as 34.78 per cent. Since then, as seen from Table II, the volume of deficit financing increased progressively as a source of plan finance.

The abnormal increase in the volume of deficit finance since the last year of the First Plan brought about a 'jerky' type of increase in money supply in the subsequent plan periods and during the Plan Holiday (1966-67 to 1968-69). Over the period 1961-62 to 1973-74 money supply increased from Rs 3046 crores to Rs 10750 crores, that is, by 253 per cent, while national income at constant prices increased by 45 per cent (Table III). The magnitude of the deficit financing resorted to during the same period was of the order of Rs 5616 crores.

### *Foreign Aid*

Another important alternative left to the government for mobilizing investible resources was foreign aid. Although the inflow of foreign aid was relatively small during the First Plan, its volume and proportion in the total outlay in the Second and Third Plans increased enormously. The proportion of external assistance in the total plan outlay increased from 10 per cent in the First Plan to about 25 per cent in the Second Plan and to about 30 per cent in the Third Plan.

From 1955-56 onwards the growing dependence of planned developmental programmes on external assistance and deficit financing dragged the country's economy far away from the dynamic equilibrium

TABLE IV

NATIONAL EXPENDITURE,
NATIONAL OUTPUT AND WHOLESALE PRICES

(Percentage Increases)

| Description | 1956-57 to 1960-61 | 1961-62 to 1965-66 | 1966-67 to 1970-71 |
|---|---|---|---|
| Growth in net national expenditure (at market prices) | + 44 | + 50 | + 63 |
| Growth in net national output (at constant prices) | + 22 | + 14 | + 25 |
| Change in wholesale prices (1952-53=100) | + 35 | + 32 | + 38 |

SOURCE: A B Ghose, *Price Trends and Politics in India*, Vikas Publishing House, 1974 pp 39, 67.

of expanded reproduction. This is clearly seen from Table IV, which shows the basic imbalance between aggregate supply and aggregate demand during 1956-57 to 1970-71. This basic imbalance led to persistent rise in the general price level from the Second Plan.

It should be pointed out here that the First Plan was successful to a great extent in preparing the ground for a rapid capitalist development and growing control of the already entrenched monopoly. The imbalance between aggregate demand and aggregate supply created a favourable condition for the capitalist classes, particularly the dominant capitalist strata, to secure superprofits. This led to a rapid conglomeration of Indian big business with many attendant consequences.

## *Concentration of Economic Power*

There has been a phenomenal concentration of economic power. Some studies on the concentration of economic power[3] show that 29183 companies had been at work with an aggregate paid-up capital of Rs 809.4 crores in 1951-52, 28250 companies (including a few smaller government companies) with 1059.5 crores in 1957-58 and 26009 companies with Rs. 1269.7 crores in 1960-61. Companies with paid-up capital of Rs 1 crore or more were very small in number but claimed the lion's share of the total paid-up capital.

Only 0.3 per cent companies claimed 20.1 per cent paid-up capital in 1951-52; in 1957-58 only 0.4 per cent companies shared 33.5 per cent paid-up capital; and in 1960-61, 40.7 per cent paid-up capital had been shared by 0.7 per cent companies. In 1963-64 the total paid-up capital of the corporate sector (government and banking companies excluded) was estimated by the Monopolies Inquiry Commission (MIC) to be of the order of Rs 1465.6 crores. The 75 big business groups (as identified by the MIC), whose total assets (aggregate of assets under their control) were not less than Rs 5 crores had an aggregated paid-up capital of Rs 646.3 crores, 44.1 per cent of the total paid-up capital held by the corporate sector. The Industrial Licensing Policy Inquiry Committee (ILPIC) made some marginal changes in MIC's list of 75 business groups and found that the number of industrial houses whose total assets were not less than Rs 5 crores was actually 72 during 1962-66 and the paid-up capital of these business groups aggregated to Rs 809.7 crores. The ILPIC gave a separate list of 60 large independent companies with diversified activities whose assets exceeded Rs 5 crores. The paid-up capital of these large companies aggregated to Rs 209.4 crores in 1966.

The MIC estimated the total assets held by the entire corporate sector excluding government and banking companies at Rs 5552.1 crores in 1963-64. Out of this, the 75 business groups held Rs 2606.0 crores, or 46.9 per cent of the total assets. According to the Report of the ILPIC the large industrial houses held Rs 3542.7 crores and the 60 large independent companies Rs 891.7 crores in 1966.

The productive resources also tended to be highly concentrated in a few hands. During the First Plan, there was already a very high degree of concentration in fixed capital consisting of land, buildings, plant and machinery. Table V, which presents the concentration ratio of fixed capital for the years 1953 to 1958, shows that the concentration in fixed capital increased continuously during this period. There are reasons to believe that this trend continued in the subsequent years.

TABLE V

CONCENTRATION RATIO OF FIXED CAPITAL IN SELECTED INDUSTRIES, 1953 to 1958

| Year | Ratio | Year | Ratio | Year | Ratio |
|---|---|---|---|---|---|
| 1953 | .7611 | 1955 | .7816 | 1957 | .7946 |
| 1954 | .7675 | 1956 | .7917 | 1958 | .8139 |

SOURCE: *Census of Manufacturing Industries, 1953-58.*
NOTE: Computation of concentration ratio is based on 21 selected industries.

### *State Finance for Big Firms*

As a corollary of the vast concentration of economic power, the interlocking of industrial and bank capital was rapidly developing under the five-year plans. The banks, whose deposits swelled as a result of deficit financing, the investment institutions, like the Life Insurance Corporation and the Unit Trust of India, and the term financing institutions like the Industrial Finance Corporation, and the Industrial Credit and Investment Corporation liberally sanctioned and disbursed financial assistance to serve the interests of aggrandisement of the big business houses. As revealed from the Report of ILPIC, 54. 2 per cent of the total financial assistance sanctioned to the entire private sector by the term financing institutions, investment institutions and government during 1956-66, went to the 72 large industrial houses and 60 large independent companies. During the same period they shared more than 70 per cent of the total financial assistance sanctioned to the entire private sector by the State Bank of India and subsidiary banks. Thus with regard to the supply of capital, the large industrial houses and large independent companies were placed in the most advantageous position compared to their rival concerns of the small and medium size, who due to their competitive disadvantage in securing necessary finance for their aggrandisement were being progressively driven to the wall.

### *Speculation and Black Money*

As the returns from trade and speculation are much higher than from productive activity in an inflationary situation, the persistent rise in the general level of prices from the Second Plan onwards did not encourage any significant expansion of production in the country. Rather, the large business houses were showing a strong tendency to neglect technologically homogeneous lines of production, keep a substantial part of the industrial capacity unutilized, restrict production and concentrate more and more on trading and speculative activity. Their easy access to the financial institutions added fuel to the fire of their increasing interest in securing such profits. This inevitably led to increasing propensities to hoarding, which in its turn created a huge stock of black money over the years. At present the stock of black money hoards may be anything between Rs 10,000 to Rs 15,000 crores or even more. The circulation of black money has created a parallel economy in the country.

All these developments have tended to aggravate the basic imbalances which arose out of the resource gaps, generating heavy budgetary deficits and leading to increasing dependence on foreign assistance from the last year of the First Plan. The aggravation of the basic imbalances in its turn gave rise to an upward rise in prices, a major characteristic of which was that the rate of increase in the price level of industrial raw materials was much sharper than that of the price level of food articles including foodgrains and industrial manufactures during the Second Plan period, although foodgrains occupied the second position in the price rises. During the Third Plan, the sharpest price rise was of course experienced in the case of foodgrains (Table VI).

TABLE VI

PERCENTAGE VARIATION IN WHOLESALE PRICES

| Groups | Weights | Second Plan | Third Plan | Annual average Second Plan | Annual average Third Plan |
|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) |
| All commodities | 1000 | +35.0 | +32.2 | +6.3 | +5.8 |
| Food articles | 504 | +38.6 | +40.7 | +6.9 | +7.2 |
| Foodgrains | (235) | +39.9 | +47.1 | +7.0 | +8.0 |
| Liquor and tobacco | 21 | +35.7 | +24.3 | +6.4 | +4.8 |
| Fuel, power, light and lubricants | 30 | +26.1 | +27.5 | +4.8 | +5.1 |
| Industrial raw materials | 155 | +46.9 | +30.1 | +8.4 | +5.8 |
| Manufactures | 290 | +24.3 | +20.4 | +4.5 | +3.8 |
| Intermediate products | 41 | +30.5 | +31.9 | +5.7 | +5.8 |
| Finished products | 249 | +23.3 | +18.4 | +4.3 | +3.5 |

SOURCE: A B Ghose, *op. cit.*, p 35.

There were additional factors which aggravated the inflationary pressures in the country. A few such factors may be mentioned.

## *Defence Expenditure*

In the middle of the Third Plan, the defence expenditure which was of the order of Rs 281 crores in 1960-61 rose to about Rs 474 crores in 1962-63. In the next year it increased to Rs 816 crores (Table VII). This amount was almost doubled within a decade. There are reasons to believe that a substantial portion of this huge military outlay was completely unwarranted. It had nothing to contribute in increasing the effectiveness of the defence services. It caused a heavy strain on the financing of developmental programmes on the one hand, and on the other aggravated the inflationary situation by unnecessarily augmenting the aggregate demand for goods and services in each successive year.

TABLE VII

DEFENCE EXPENDITURE OF INDIA: 1960-61 to 1973-74.

(Rs crores)

| Year<br>1 | Total defence expenditure<br>2 | Total expenditure of Govt. of India<br>3 | Col. 2 as % of Col. 3<br>4 |
|---|---|---|---|
| 1960-61 | 280.94 | 1855.54 | 15.1 |
| 1961-62 | 312.49 | 2148.68 | 15.5 |
| 1962-63 | 473.91 | 2794.63 | 17.0 |
| 1963-64 | 816.12 | 3452.76 | 23.6 |
| 1964-65 | 805.80 | 3955.19 | 20.4 |
| 1965-66 | 884.76 | 4223.05 | 21.0 |
| 1966-67 | 908.59 | 5304.40 | 17.1 |
| 1967-68 | 968.43 | 5074.91 | 19.1 |
| 1968-69 | 1033.19 | 5022.66 | 20.6 |
| 1969-70 | 1100.88 | 5580.99 | 19.7 |
| 1970-71 | 1199.28 | 6102.30 | 19.7 |
| 1971-72 | 1525.34 | 7522.00 | 20.3 |
| 1972-73 (RE) | 1599.76 | 8301.40* | 19.3 |
| 1973-74 (BE*) | 1600.00 | 8373.40 | 19.1 |

SOURCE: *India 1974*, p 41.

NOTE: * Includes both revenue and capital accounts.

RE - Revised estimates. BE - Budget estimates.

Excludes the assistance of Rs 421.1 crores given to states for clearing their overdrafts with the Reserve Bank of India.

## *U-Sector*

With the launching of the Second Plan serious diversion of resources was increasingly taking place for the manufacture of luxury goods, which were mostly consumed by the privileged Upper Classes Sector (U-Sector), which expanded in each successive plan period. It is a common experience that the expanding U-Sector has always induced investments for the manufacture of items of conspicuous consumption, which are basically competitive with planned priority projects in so far as scarce resources like steel, cement, power, foreign exchange and technical skills are concerned. Accruals of profits and salaried incomes to the U-Sector, increasing with planned investment and government administrative expenditure, have significantly contributed to the increase of aggregate demand for these goods and services over the years and thereby tended to exert a powerful influence on the price level.

## *STAGNATION*

The above discussion, although far from exhaustive, highlights the fact that the government's economic policies and the class character of the Indian planning were full of disastrous portents and that forces of stagnation and recession, always potentially endemic in the Indian situation, but kept in abeyance till the mid-sixties by the artificially-boosted public investment programmes of the Second and early Third Plan years, backed in no small measure by PL 480 imports, would ultimately come to the fore. Actually the latent forces of stagnation came out by the mid-sixties due to a large number of factors, two of which are mentioned below.

1 The growing dependence of the planned development programmes on external asistance starting with the Second Plan period proved fatal for the Indian economy as the net inflow of foreign capital declined in the mid-sixties. This inevitably led to a cutback in the rate of investment in the economy.

2 The cutback in the rate of investment was also due to a fall in total domestic savings as a proportion of national income. All the components of domestic savings as proportion of national income reached their peak during 1962-64, after which they continually declined till the end of the sixties.

### *Falling Growth Rate*

The characteristic feature of stagnation in the industrial sector in the second half of the sixties was that the overall growth rate was halved between the two periods, 1960-65 and 1966-72. The growth rate in the capital goods industries drastically fell from 19.53 per cent to 2.49 per cent, whereas the growth rate in the consumer goods industries increased from 4.97 per cent to 5.81 per cent.

The period of industrial stagnation and recession coincides with a distinct deceleration in the overall growth rate of agricultural output. The acceleration in the rise of prices of foodgrains and of agricultural output in general has been very much sharper after 1965-66. This was accompanied by large-scale extension of bank credit to the commercial sector. Consequently, diversion of funds for speculative holding of stocks of foodgrains was very much encouraged. At the same time there was hardly any scope for an increase in the demand for industrial consumer goods in the rural areas as the rural poor were becoming poorer day by day due to the failure of the government to break the feudal and semi-feudal fetters on land relations and demolish the excessive concentration of landownership.

## *ALTERNATIVE APPROACH TO PLANNING*

The foregoing discussion inevitably leads us to the conclusion that the combination of inflation and stagnation in the second half of the sixties was a disastrous manifestation of the deep-rooted crisis of the Indian economy, the result of the blatant class policies, pursued since the beginning of planning, which have benefited the monopolists, landlords, speculators, hoarders and foreign monopolists. What goes by the name of planning in our country, has always been a futile effort aiming at a crisis-free capitalist development. The highly developed capitalist countries of the world had never been free from crisis in the past, nor are they at present. Their future is equally bleak. Therefore, it has to be pointed out that if the country is to get out of the present difficulties—the gravest socio-economic maladies of inflation and stagnation—the wrong economic policies, so far pursued with complete disregard to the overall objectives of planned development, will have to be completely reversed. The Fifth Plan has turned out to be a non-starter. To return to a renewed planning effort with alternative policies is imperative. We consider that the premise for alternative policies of planning should be as follows.

### *Guidelines to Renewed Planning Effort*

1 The renewed planning effort must aim at restoring the dynamic equilibrium of expanded reproduction.

2 To restore the dynamic equilibrium of expanded reproduction, it is imperative that deficit financing must be done away with.

3 The increasing dependence on foreign assistance must be wiped out. This necessitates the end of further inflow of foreign capital. All agreements of non-financial collaborations between Indian and foreign monopolists must be cancelled. The existing foreign financial collaborations must be divested of all controlling power immediately, while negotiations should be made for gradual repayment of their actual financial contribution according to a realistic criterion. The government must declare a moratorium on all foreign payments till the present crisis is over.

4 In view of the above policies in respect of deficit financing and foreign assistance, the government must depend on surplus value appropriated in industry and agriculture for mobilizing investible resources.

5 All big enterprises under the monopoly houses and the 60 large independent companies listed by ILPIC must be nationalized without compensation. All non-manufacturing concerns under the monopoly houses must also be similarly taken over. Only small and medium

manufacturing concerns in technologically homogeneous lines of production may be allowed to remain under a monopoly house if the total assets of these concerns remain below the average level of assets held by the existing non-government companies. After taking over the big enterprises and non-manufacturing concerns under monopoly houses and large independent companies, their profits must be ploughed back for capital formation for the public sector.

6 An active policy of encouragement of medium and small-scale enterprises and industrial co-operatives should be implemented. They should be given liberal financial assistance from the government and semi-government financial institutions, of course taking care that this assistance is properly utilized in productive activity only.

7 Total tax revenue must be increased through the introduction of the entire range of Kaldor reforms. The heavy indirect taxation, which forms a substantial part of the prices of many essential commodities and articles of mass consumption, must be drastically reduced so that the present 22: 78 ratio between direct and indirect taxes comes down to at least 40:60.

8 A portion of the surplus value appropriated in the agricultural sector must be mopped up by the imposition of a suitable agricultural tax on the rural rich with higher ability to pay.

9 With a view to demolish the feudal and semi-feudal land relations and bring about a rational and equitable distribution of land, all the lands of the feudal and capitalist landlords (defined as those who or whose family members do not physically participate in the major agricultural operations) should be taken over by the state without compensation and distributed free to the agricultural labourers and land-hungry poor peasants. The ceiling on landholding for a family of five members consisting of husband, wife and three children should be fixed within the range of 10 to 15 acres of wet land or 20 to 25 acres of dry land depending upon the fertility and other agro-economic conditions. The rich peasants who usually participate in agricultural operations with manual labour will have to forego the land above the ceiling for distribution among the rural poor but will retain all the land below the ceiling. The new ceiling legislations must ensure that the lands distributed to the agricultural labourers and poor peasants are not sold or transferred to others.

10 The government must resort to compulsory procurement of stocks of foodgrains from the landlords and traders at reduced prices and purchase the produce of the mass of peasants by offering attractive bonus on their sales. This should be accompanied by a massive drive for dehoarding of foodgrains, in which people's participation should be encouraged. Similar dehoarding drives should also be necessary in urban areas for all essential commodities.

11 It is futile to talk of holding the price line unless the government makes a determined attack on the parallel economy of black money. Its capacity to play havoc with prices must be completely destroyed.

12 The area of operation of the market mechanism in all essential commodities, industrial raw materials and all major imports and exports should be drastically reduced.

13 A close scrutiny of the country's defencee xpenditure since 1962-63 reveals that a substantial portion of it has gone to benefit a section of people belonging to the U-Sector. There are also other elements of wastage from the defence funds. If these elements of leakage are eliminated the proportion of the defence expenditure in the total expenditure of the government, which is at present over 19 per cent, can be brought down to the level of 1960-61 (15 per cent) without reducing the overall effectiveness of the defence services. This would mean a saving of Rs 300 to 400 crores per year which can be effectively utilized for financing developmental programmes.

The above remedial measures against stagflation are suggested as the ingredients of a policy package and should not be taken up piecemeal. These are put forward as guidelines for an alternative planning effort.

It is believed that the fight against stagflation can be won if the above remedial measures are sincerely adopted. On the one hand they will progressively mitigate the inflationary pressure by bridging the gap between aggregate demand and aggregate supply of goods and services and on the other restore the dynamic equilibrium of expanded reproduction, set the economy of the country on the right path of acccelerated, balanced and self-sustained growth within a short span of time. But there is the apprehension that the renewal of the planning process will come to be shelved indefinitely. Therefore the question of an alternative approach to planning on the part of the government does not arise. Under such circumstances, the real alternative before the working people of the country will be to launch a massive struggle against the basic policies of the government which have led the country to a disastrous economic crisis.

[1] An Alternative Approach to Structural Determinants of an Inflationary Situation in a Capitalist Country:

It is possible to focus attention on the structural determinants of an inflationary, situation in a capitalist economy on the basis of Marx's expanded reproduction scheme. (See P M Sweezy, *Theory of Capitalist Development*, New York 1956, Ch. X)

Let us suppose that the whole industrial sector is divided into two great branches: Department I producing means of production and Department II producing consumption goods. Then under conditions of simple reproduction, that is, the scale of production remaining unchanged from one year to the next, the total production can be represented by the equations:

$$c_1 + v_1 + s_1 = \text{output of Department I} \ldots\ldots\ldots(1)$$

$$c_2 + v_2 + s_2 = \text{output of Department II} \ldots\ldots(2)$$

Under expanded reproduction let us assume that the period of turnover may be less than, equal to or greater than one year and the surplus value generated in each Department in the initial period of turnover, say period 1, is divided into four parts: one part ($s_c$) is kept to maintain the capitalists' consumption just at the level of period 1; the second part ($s_{\Delta c}$) is meant for an increase in the capitalists' consumption; the third and fourth parts ($s_{av}$) and ($s_{ac}$) are earmarked for accumulation to augment variable capital and constant capital respectively. The items $s_c$ and s cover, besides the consumption expenditure by capitalists, that of the non-productive employees. Then we can write

$$s_{c_{11}} + s_{\Delta c_{11}} + s_{av_{11}} + s_{ac_{11}} = s_{11} = \text{surplus value of Department I in period 1} \ldots\ldots\ldots(3)$$

$$s_{c_{21}} + s_{\Delta c_{21}} + s_{av_{21}} + s_{ac_{21}} = s_{21} = \text{surplus value of Department II in period 1} \ldots\ldots\ldots(4)$$

Thus under expanded reproduction the equations (1) and (2) would become at the end of period 1:

$$c_{11} + v_{11} + s_{c_{11}} + s_{\Delta c_{11}} + s_{av_{11}} + s_{ac_{11}} = w_{11} = \text{output of Department I in period 1} \ldots\ldots\ldots(5)$$

$$c_{21} + v_{21} = s_{\Delta c_{21}} + s_{c_{21}} + s_{av_{21}} + s_{ac_{21}} = w_{21} = \text{output of Department II in period 1} \ldots\ldots\ldots(6)$$

To discover the equilibrium condition for expanded reproduction, we first try to find out the total demand for constant capital during a turnover period. After the completion of the period 1, the total demand for constant capital during the period 2 will be given by

$$c_{11} + c_{ac_{11}} + c_{21} + c_{ac_{21}} + A_{r_1} = D_{c_2} \ldots\ldots\ldots\ldots\ldots\ldots(7)$$

where $A_{r_1}$ constitutes the demand for industrial raw materials of agricultural origin.

There will arise no basic imbalance in the case of expanded reproduction in Department I, if the total demand for constant capital during the period 2 is exactly equal to the output of Department I to be produced during the same period plus that portion of the second period's agricultural products which can be used only as industrial raw material, say $\hat{A}_{r_2}$. If we denote the supply side by

$$w_{12} + \hat{A}_{r_2} = S_{c_2} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(8)$$

the condition for equilibrium in Department I will be given by equation

$$D_{c_2} = S_{c_2} \ldots\ldots\ldots\ldots\ldots(9)$$

Again, we can find out the total demand for consumption goods during a turnover period. After the completion of the period 1, the total demand for consumption goods during the next period (period 2) will be given by

$$v_{11} + s_{av_{11}} + v_{21} + s_{av_{21}} + s_{c_{11}} + s_{c_{11}} + s_{c_{21}} + s_{c_{21}} = D_{E_2} \quad \text{...(10)}$$

There will arise no basic imbalance in the case of expanded reproduction in Department II if $D_{E_2}$ is exactly equal to the output of Department II, to be produced during the period 2 plus the marketable surplus of foodgrains and other consumable farm products. Let us denote the supply side in this case by

$$w_{22} + F_{s_2} = S_{E_2} \quad \text{..................(11)}$$

where $F_{s_2}$ stands for marketable surplus of consumable farm products of period 2.

Thus the condition for equilibrium in Department II will be given by the equation,

$$D_{E_2} = S_{E_2} \quad \text{........................(12)}$$

The equations (9) and (12) can be expressed in their generalized form as

$$D_{c_i} = S_{c_i} \quad \text{........................(13)}$$

and

$$D_{E_i} = S_{E_i} \quad \text{..........................(14)}$$

$$(i = 1, 2 \text{..............................} n)$$

The expanded reproduction scheme shows that when conditions (13) and (14) are satisfied, structural imbalance can never arise in the sphere of production. In a capitalist economy, where investment and consumption are planned by individuals or groups of individuals and not guided by a central planning authority, it is hardly possible to satisfy the conditions of dynamic equilibrium as shown above. These conditions can only be fulfilled if the economic development is planned by a central body of planning which must ensure that the developmental expenditures must not be financed beyond the level of resources that can be made available. It should also be ensured that the aggregate demand for consumption goods must not grow at such a rate that the aggregate supply may lag behind at any point of time. A strict adherence to this basic principle of planned economic development necessitates that all capital accumulation must take place by ploughing back the appropriated surplus value and financing developmental expenditures must not be based on the mechanism of injection of additional money into the economy, because, in a capitalist economy, it is hardly possible to resort to the mechanism in a cautious manner over a long period. Once started, the monetary authorities would get so much addicted to the injection of additional money that at a certain point of time the aggregate supply of means of production and consumption must begin to lag behind the aggregate demand. Consequently, sooner or later some basic imbalances must ensue in the Departments I and II. Let us examine how this can happen.

Let us assume that there was no existence of basic imbalances during period 1. Now during the period 2, an additional amount of money $\Delta M$ is injected into the economy for financing developmental programmes. This additional money creates an additional demand for constant capital. Let it be denoted by $\Delta D_{c_2}$. Then the condition for dynamic equilibrium requires that

$$(D_{c_2} + \Delta D_{c_2}) = S_{c_2} \quad \dots \quad \dots \quad \dots \quad (15)$$

But the existing capacity and resource constraints may not permit the production of so much output which can satisfy the equation (15) and therefore the total demand for constant capital would remain unsatisfied and the prices of the Department I and of industrial raw materials of agricultural origin would tend to rise. Thus an inflationary gap denoted by

$$(D_{c_2} + \Delta D_{c_2}) - S_{c_2} = g_{c_2} \quad \dots \quad \dots \quad \dots \quad (16)$$

will be created. Those capitalists, who, by virtue of their sound economic position will be able to satisfy their own demands for constant capital will be able to reach their pre-determined level of production, while the weaker capitalists will be placed at a great disadvantage. Due to weaker financial position they would fail to procure raw materials in sufficient quantity. Under such circumstances they may have to cut their production and underutlization of the existing capacity will begin at this level. The stronger capitalists will be able to effect, through this situation, redistribution of the social product in their favour. Their profits will be higher than before. Let us now suppose that there was no disequilibrium in Department II during period 2. But the higher profits secured by the stronger capitalists of Department I during period 2 would eventually increase their consumption expenditure in period 3. Thus the total demand for consumption goods in period 3 may increase to such an extent that the existing capacity and resource constraints and other factors may not permit the Department II and agricultural sector to meet the increased demand for consumption goods. Then the prices of products of consumer goods industries and consumable farm products would tend to increase, thereby creating an inflationary gap equal to

$$\left(D_{E_3} + D_{E_3}\right) - S_{E_3} = G_{E_3} \quad \dots\dots\dots\dots\dots\dots (17)$$

where $D_{E_3}$ = increase in the demand for consumption goods arising out of higher profits secured by the stronger capitalists during period 2.

If no additional money is injected into the economy for financing developmental programmes beyond the leve lof available resources during the period 3, at the same time suitable measures are also not adopted to mitigate the inflationary pressure created in the previous period, the inflationary gap $g_{c_2}$ may remain the same in period 3.

Then the total inflationary gap in the whole economy of this period will be given by

$$g_{c_2} + g_{E_3} \quad \dots\dots\dots\dots\dots\dots\dots\dots (18)$$

But the structural imbalance already created in Department I would give rise to some factors which may lead to further widening of the inflationary gap $g_{c_2}$ because the inflationary situation may create a serious difficulty in financing the new developmental programmes. If after tapping the normal internal sources, there remains a gap between the financial provisions and the proposed outlay, it would be further necessary to artificially inject another dose of additional money into the economy. If the injection of additional money goes beyond the level of available resources, which is most likely, the inflationary situation would be further aggravated and the inflationary gap in Department I will increase from $g_{c_2}$ in period 2 to $g_{c_3}$ in period 3. Then the total inflationary gap in the economy in period 3 will be given by

$$g_{C_3} + g_{E_3} \quad ..................(19)$$

So long as the structural imbalances will continue to exist in the economy and the aggregate supply of goods will lag behind the aggregate demand, the total inflationary gap in the economy will tend to widen in each successive period. In each period the inflation would enable the big capitalists of Departments I and II to secure superprofits. Therefore their demand for consumption goods would tend to increase and create further inflationary pressure in the market for consumption goods. Similarly, each dose of additional money injected into the economy beyond the level of available resources will create further inflationary pressure in the market for means of production. Thus the inflationary pressure in the economy will tend to cumulate over time and if the area of operation of market mechanism in the sphere of distribution is not drastically reduced and effective measures are not taken to restore the structural balances, the whole economy of the country would be dragged into a vicious circle. The total inflationary gap, increasing in each successive period, may reach the run-away stage in the *n*th period when other factors arising out of the same inflationary situation would be superimposed on the basic imbalances which had begun to arise in the structure of production much earlier and accelerate the growth of inflationary pressure in the country. The total inflationary gap in the *n*th period denoted by

$$g_{C_n} + g_{E_n} \quad ..................(20)$$

may be so much disastrous that traditional anti-inflation monetary and fiscal policies, if unaccompanied by serious and wary efforts to remove structural imbalances and restore the dynamic equilibrium of expanded reproduction, would not only be infructuous, but even aggravate the crisis in all its economic and non-economic dimensions.

The above model for structural determinants of an inflationary situation in a capitalist economy seems to hold good for the Indian economy. The inflationary process as shown in the model appears to be in-built in the economic expansion and planning in India.

[2] Sudipto Mundle, "State Character and Economic Policy", *Social Scientist 22*, May 1974, pp 16-17.

[3] *Report of the Committee on Distribution of Income and Levels of Living*, p 86; Ajit Roy, *Planning in India; Report of the Monopolies Inquiry Commission; Report of the Industrial Licensing Policy Inquiry Committee.*

*K SIVATHAMBY*

# *Early South Indian Society and Economy: The Tinai Concept*

THE most ancient of the available Tamil literature is referred to as *Cankam* literature—literature of the Academies.[1] This literary corpus collected in two Anthologies—*Eṭṭutokai* (Eight Anthologies) and *Pattupāṭṭu* (Ten Songs)[2] is generally taken as belonging to a period from about 100 A D to 250 A D.[3] Being the most ancient non-Sanskritized Indian literature, its literary conventions are rather unique and for that very reason has become the subject of study by scholars who wish to delineate the non-Aryan and pre-Aryan strands in Indian culture.[4]

The literary conventions of this corpus are codified in a grammatical work known as *Tolkāppiyam* (Tol) after the name of the author, Tolkāppiyar. The forms and the contents found in Cankam literature are given in the third book of this work in the form of prescriptive rules.[5] The date of this work has been much disputed but one could safely agree with the date assigned by Vaiyapuripillai, to the latter half of the fifth century A D.[6]. Tolkāppiyar has always been considered the ultimate authority on Tamil literary matters and held as the prescriptive authority for linguistic usage and as the fountainhead for literary forms.

Cankam literature has a primary thematic classification: *akam* and *puram*. Akam (the interior) deals with love in both premarital and marital life and puram (the exterior) deals with military and non-love themes. Each of these themes is given a further content classification. Both love and military affairs are related to the five ecological regions. It is held that a particular love or military activity could be described as characteristic of a particular region. The regions and the behaviour patterns are referred to by the names of flowers peculiar to the regions.

## *Poetic Conventions and Traditional Details*

Tolkāppiyar in his attempt to analyse the poetic conventions describes and discusses in detail the literary convention which correlates particular behaviour patterns in love and military matters with the particular ecological regions. [7] Concerned as he was with only the poetic idiom of the day, he describes in an order of ascending importance the geophysical aspects of each region, the flora and the fauna, the economic activities, the religion and the diet of each region and behaviour pattern peculiar to each region. The love and the military behaviour patterns when schematized and set out by the grammarians seem to emerge as conduct-codes prescribed to each region!

The following tables indicate the regions, the identifying flowers and the particular behaviour:

A. FOR LOVE ACTIVITY

| | Region | Flower | Behaviour Patterns |
|---|---|---|---|
| 1 | Hills | Kuriñci *(Strobilanthus)* | Sexual union and those that lead to it |
| 2 | Pasturelands and open terraces | Mullai *(Jasminium Trichotomum)* | Wife patiently waiting for the husband who is away and those that lead to it. |
| 3 | Riverine-agrarian | Marutam *(Terminalia Tomentosa)* | Wife sulking over husband visiting harlot and those that lead to it. |
| 4 | Littoral | Neytal *(Nymphae lotus alpa)* | Agony of separation and those that lead to it. |
| 5 | Uncultivated dry region | Pālai *(Mismusops Kauki)* | Separation from family and those that lead to it. |

B. FOR MILITARY ACTIVITY

| | Region | Flower | Military Activity |
|---|---|---|---|
| 1 | Hill | Veṭci *(Iccova Coccinea)* . | Capture and recapture of cattle |
| | | The action of the defenders is sometimes treated separately and refered to by the flower Karantai *(Spheranthus Indicus)*. | |
| 2 | Pastureland | Vañci *(Calamus Rotang)* | Guarding and raiding the settlement. |

| | | | |
|---|---|---|---|
| 3 | Agrarian | Uliñai<br>*(Cardiospermum Halicacabum)*<br>The action of the defenders is sometimes restated separately and referred to by the flower Nocci *(Vitex Negundo)*. | Guarding and attacking the fortifications |
| 4 | Littoral | Tumpai<br>*(Leucas Aspera)* | Fight to finish |
| 5 | Dry | Vākai<br>*(Abizzia Lebek)* | Victory |

This tradition of associating each region with a particular behaviour pattern is seen in the Caṅkam texts themselves (AN 274; NT 142; CPA 11, 29-31 and 286; MK 270, 285, 300-1, 314, 326; MPK 330, 335).

The word that is used to denote this concept is "tiṅai" (திணை). Tolkāppiyar himself never defines the term. Ilampuranar (Ilam) of the thirteenth century A D, the earliest of the glossators, tends to interpret the term as meaning "general theme or content".[8] Naccin̲arkkin̲iyar (Nac), another commentator (15-16th century A D) categorically states that the term 'tiṅai' means behaviour or conduct.[9]

## *Insight to Prehistory*

Even a passing glance at this tradition would not fail to register in one's mind the immense importance of this concept in the study of socio-literary relationships. To Tolkāppiar the literary aspect of the convention is more important than the social and the geographical aspects (Akat 3 and 53). As for the commentators, the social implications of this tradition had no interest at all. Naccin̲arkin̲iyar's commentary on Tol Akat. 3 reveals that there had been no tradition of sociological inquiry into this problem.[10] All in all, one finds oneself in complete agreement with Raghava Iyengar's comment that "no acceptable cause is shown either in the text or in the commentaries of Tol for assigning the conduct codes to the respective regions".[11]

But modern scholars did not fail to highlight the social significance of this tradition. Pandit Raghava Iyengar in his effort to find the relevance of the behaviour patterns and to establish the regional necessity for each of the behaviour patterns, touches upon the contemporary social needs that would have warranted the development of these conventions.[12] That effort does not form a coherent analysis but it is gratifying to note that such a traditional scholar like him was not averse to making sociological inquiries into literature.

Scholars with a Western intellectual training have expounded the social and historical significance of the Tin̲ai concept. P T Srinivasa Iyengar saw in this concept an illustration of the evolution of civilization: "All these five kinds of natural regions are found in the Tamil country, though on a small scale and as the South Indian spread from region to region he developed the stages of culture which each region was calculated to produce".[13] According to him, the Tiṇai concept reveals "the spread of the Tamils from the hills and mountains to the low-lying plains.[14]

To Ramachandra Dikshithar the Tiṇai concept was a clue to the pre-history of South India:

> South India, in pre-historical days, was peopled by a number of tribes, of whom five could be distinguished according to the geographical classification of the soil . . . The Tamil social organization which had its distinctive characteristics born of environment, as anthropology holds, is unique in having realized the five different stages of human life in pre-historical times.[15]

*Developmental Process: Unilinear?*

Kamil Zvelabil, in an introductory essay on Tamil literature, expressed this idea using the anthropologists' and the historians' idiom thus:

> . . . it is possible that the division reflects the historical migration of pre-Dravidian and proto-Tamil population from the hills and jungles to the fertile plains and to the seaboard or in other words the development from the neolithic hunter, through the intermediate stage of the keeper of the flocks, to the settled tiller of the soil and fisherman.[16]

Thaninayagam too found that "this five-fold division throws light on human origins and the development of human culture as has been observed by those geographers and anthropologists who have recently written at length on this subject."[17]

Singaravelu in an anthropology-oriented discussion furnishes all the details relating to the habitat, the habits and customs of the Tamils of the Caṅkam period but has not gone into the functional significance of the Tiṇai division in early Tamil society.[18]

Another recent work on Caṅkam society emphasizes the geographical reality of the Tiṇai division but frowns upon the evolutionist interpretation given by Iyengar. The author in the course of denouncing Iyengar makes a rather interesting comment: "This so-called evolution is true in the larger field of world history in its anthropological setting, and protohistorical stage, but to import this into the limited space of Tamilaham, and to suppose that all those changes occurred here also in the same historical order may not be correct."[19] This assertion that feature observed at macro-levels are not applicable at micro-levels would indeed surprise even the most devout of the functionalists. Even they do not rule out the general laws of development.

The above mentioned studies deal mainly with an overall interpretation of the entire Tiṇai complex. The present author, agreeing fundamentally with the unilinear evolutionist concept, made a detailed analysis of one of the regions—Pasturelands (Mullai)—and attempted to establish the social and economic necessity for the wifely virtue of *iruttal* (patiently waiting).[20]

It would be mentioned in conclusion that almost all the explanations implied a unilinear developmental process.

## *Law of Uneven Development*

With the formulation of the theory of dialectical materialism and its application to the study of society, the processes underlying the development of economic and political institutions became very clear. As a descriptive and general method, various stages of economic growth were delineated. This approach to the understanding of human development known by the name of its founder, Marx, has today become an integral aspect of historiography. Even those who do not accept the political anticipations of this theory respect the validity of its basis. "The erection of stages of development or evolution of culture . . . appears to be quite justified in so far as the enrichment of culture content and the structural evolution of societies occurring in the course of history should be brought into an intelligible system on a purely descriptive basis.".[21]

But it would be a gross negation of the law of dialectical materialism that caused the 'erection' of these developmental stages, to consider that the various stages form a necessary sequence in the historical development of all societies. The authors of the theory of historical materialism in their attempt to explain the different rates of growth among the various elements of social life found that uneven development among societies is a feature to be reckoned with and explained fully before they reiterate the law of combined development.

> The mainspring of human progress is man's command over the forces of production. As hisotry advances there occurs a faster or slower growth of productive forces in this or that segment of society owing to the differences in natural conditions and historical epochs and impart varying rates and extents of growth to different peoples, different branches of economy, different classes, different social institutions and fields of culture. That is the essence of law of uneven development.[22]

This law is basic to the understanding of historical materialism.

Field studies in social anthropology have brought to light societies with arrested growth. Stunted growth occurs when production does not and cannot go beyond a particular point. Internal self-sufficiency and geographical and social isolation are some of the factors that contribute towards this.

## *Diversities*

India with its diverse geographical regions and social groups is a living testimony to the law of uneven development. [23] From archaeologists to economic planners, all who have been interested in India's past and present have observed this important feature. The Allchins summarized the position rather well:

> It is worth stressing once more that in the past, as today, in addition to the normal range of sites of different size and importance by which any particular cultural phase is always presented, throughout the Indian sub-continent distinct cultural groups at very different levels are to be found living in more or less close proximity to one another. [24]

The late lamented Bendapudi Subbarao, an eminent archaeologist tried to understand the pattern of development in India thus:

> Accepting this fundamental concept of areas of attraction, relative isolation and isolation, the whole pattern of development can be defined as one of horizontal expansion, contraction and isolation of lower cultures in different parts of the country at different periods and at different cultural levels. The divergence in the country is due to the difference in the cultural milieu of the first large-scale agricultural communities in the different regions. [25]

On the map of India, Tamilnadu is the eastern coastal plain which widens out towards the south, and its immediate hinterland. Subbarao listed Tamilnadu as one of the areas of attraction.[26] But a study of the regional geography of Tamilnadu reveals that there are enough geographical diversities to bring about substantial variations.[27] From the Palani Hills, the Nilgiris and the Western Ghats to the rich Tanjore delta and the from pasturelands such as the meadows between Trichinopoly and Madura, the Salem and Coimbatore districts to the *teris* of the Tinnevely district, one could see that geographically and socially Tamilnadu is uneven.

## *Geographical Reality*

A more thorough study of the Caṅkam texts demands a revision o the unilinear view of development.

Caṅkam literature reveals that these geographical units were a contemporary physical reality. The *āṟṟupaṭai* (guide) poems of the Ten Songs Collection are of better use than the short and situational poems of Eight Anthologies Group, in that they very often describe the different regions one has to pass through before reaching the abode of the patron.

*Cirupāṇārrupatai* in lines 143-202 speaks of the various places the bard has to pass through before arriving at the place of the patron. Lines 143-163 describe Eyiṟpaṭṭiṉam which is a littoral region, lines 164-177 refers to Vellore, a hilly tract where hunters live, lines 178-195 describe Āmūr, an agrarian village watered by a river and finally from line 196 onwards the hill capital of Naṉṉam is described. In *Perumpānāṟṟupaṭai* lines 46-392 describe the road to Kāñci and the settlements and the towns that lie on the way. The break-up is as follows:

Lines 46-145 : describe the jungle region inhabited by people living in food-gathering stages.

Lines 147-196 : describe the terraced valley where cattlekeepers live
Lines 196-262 : describe the irrigated agrarian region
Lines 263-283 : describe inland fisherman fishing in ponds
Lines 283-351 : describe the maritime town of Neerppāyal
Lines 351-362 : describe the cultivable land in maritime region
Lines 363-371 : describe the highway that runs through the martime area
Lines 371-392 : describe Tiruvehhā

These descriptions reject out of hand a unilinear view of evolution. The descriptions in the guide poems amply prove that this was not merely a literary convention but geographical reality. Besides it is important to note that in each of these areas we find people living in different stages of civilization, those living in the hills being more primitive and those of the agrarian region being the most developed. In fact the descriptions illustrate the law of uneven development.

## *Classification of Land*

It is equally important to know that the original concept was a division into four regions only. Tolkāppiyaṟ very clearly states that:

> avaṟṟul naṭuvaṇ aintiṇai naṭuvaṇatu oḻiya
> paṭu tirai vaiyam pāttiya paṇpē (Akat 2).

[Of the seven tiṇais (which include, beside the five behaviour patterns mentioned earlier, those of one-sided love and ill-suited love) the five that come in the middle (the region-based ones) minus the one in the centre (pālai) are based on the physiographic division of the sea-girt world]. *Maturaikāñci* speaks of 'nānilavar' (123) only. Nānilam means 'land which has four classifications'.

This raises the problem of pālai. First of all let us take the question whether pālai is a later accretion. This is confirmed in *Cilapatikāram* (XI. 62-66). When Kōvalaṉ requests the Brahmin to tell him the road to Maturai, the Brahmin, in the course of his reply refers to the arid forest region thus:

> Véṉalam Kiḻavaṉoṭu vēṅkatir vēntaṉ tāṉ nalam tirukat taṉmayiṟ
> Kuṉṟi mullaiyum Kuṟiñiciyum muṟaimaiyittirintu nalliyalpu iḻantu
> naṭuṅkutuyar uṟuttap pālai eṉpatōr paṭivam koḷḷum kālai eitinīr.

[You have come at the time when Mullai (pastureland) and Kuriñci are transformed into distress giving pālai (arid region) by the excessive heat of the King of Hot Rays—the Sun . . . ] It categorically states that Mullai and Kuriñci have taken the *shape* (note the word paṭivam) of pālai, with rainfall the shape could be transformed to the original mullai and kurinci. It would therefore, be appropriate to treat pālai as seasonal change. Aṭiyārkkunallār, the commentator of *Cilapatikāram* cites *Akanāṉuṟu* III as example for mullai transforming into pālai *Kalittokai* 2 as example for Kuriñci transforming into pālai.[28]

## *Problem of Palai*

One should also note a certain inconsistency about the descriptions given in *Tolkāppiyam* of pālai. In *Puṟatiṇai-iyal* in which the author describes military activities of the different regions, Korravainilai and Tuṭinilai which are characteristic of the pālai warriors are given as parts of the Kuriñci (Puṟat 4). Iḷampūraṇar in his commentary on Akat 5 states that "pālai has no separate region of its own" and adds that "during the sunny periods all birds and branches except those of the pālai tree get dried up."[29]

Even in the Caṇkam texts we find that descriptions which would suit a pālai background, are given for Kuriñci. In *Perumpāṇāṟṟupaṭai* lines 82-117 describe a hunter family. The family is referred to as an Eyina family—a name spoken of in relation to palai.[30] Further lines 117-145 describe an Eyina settlement. Naccinaṟkkiṉiyar in his gloss on these lines remarks that this is a description of the Kuriñci region and its background.[31] In *Maturaikkāñci* the lines that describe pālai (302-314) very clearly show that the region referred to is the hilly region in the hot season of the year: "Niḷal uruviḷanta vēṉir kuṉṟattu" (313) (The hill in the hot season of the year which has lost that which is responsible for 'shade').

The next line (314) categorically states that it is this type of kuṉṟam which is identified as having the characteristics of the pālai tiṇai.[32] Thus Caṅkam texts and *Tolkāppiyam* confirm the seasonal character of pālai.

Now the question arises, why was pālai treated as a distinct behaviour pattern? The answer would be that it was because of the literary necessity to treat that theme (separation) which took place during that part of the year. Besides, it is also possible that during the hot season, the people of the hilly region, at least certain groups among them, took to highway robbery as a way of livelihood.

## *Economic Organization*

Having thus ascertained the original four-fold classification, it now remains to see the character of economic organization in each area and how a general picture of uneven development emerges.

Tolkāppiyar in his analysis of the characteristics of the Tiṇai speaks of the three aspects—Mutal (primary aspect) which is the terrain and the time, Karu (organic aspect) which consists of food, the flora and the fauna, the drum, the economic activity, the musical note, and the water source and Uri (that one which belongs) the behaviour pattern that is characteristic of each region. A tabulation of the diet, the economic activity and the sources of water is enough indication of the uneven economic development of the regions.[33]

A comparison of the type of agriculture done in the irrigable (Marutam) regions and the one done in the hilly region (the Paṟampu

Hills ruled by Pāri, for example) also reveals the nature of uneven development.

| *Region* | *Diet* | *Economic Activity* | *Source of Water* |
|---|---|---|---|
| 1 Hill | Millet, bamboo, rice | Obtaining honey, digging for yams, driving away birds that eat the corns of millet | Streams and fountains |
| 2 Pasture-land | Varaku, cāmai and mutirai | Cattle-rearing, weeding the millets, thrashing out the grain with buffaloes | River (in pasture-land) |
| 3 Agrarian | Rice | Transplantation, weeding, harvesting, mating the cattle | River, domestic wells, ponds |
| 4 Littoral | Food brought after the sale of fish and salt | Fishing, salt cultivation, the sale of these two | Sandy wells, pits of saline water |
| 5 Dry (Pālai) | Things robbed and plundered | Misleading the travellers and plundering them | Wells and fountains |

## *Development Potential*

Tolkāppiyar in the cūttiram (aphorism) on the different regional units (Akat 5) uses the word "ulakam" (world) to denote each of the regions:

māyōṉ mēya kaṭurai *ulakamum*
cēyōṉ mēya maivarai *ulakamum*
vāntaṉ mēya timpuṉal *ulakamum*
varuṇaṉ mēya perumaṇal *ulakamum*
mullai kuriñci marutam neytal eṉac
colliya muraiyāt collavum paṭumē.

The use of the word "ulakam" implies that each region was a unit by itself different from the other. The regional variations must have been so great that these must have been "worlds in themselves". In the cūttiram on *Karupporuḷ* (Akat 18) we find that each region differed from the other in such basic matters like food, faith, flora and fauna and economic pursuit. That there was a homogeneity of economic pursuit among the members of particular region is well brought in Akat 20 in which it is said that the names of people of a particular region arise out of (a) the name of the region and (b) the economic pursuit they are engaged in. Such names are referred as 'Tiṇainilaippeyar' (names arising out of the Tiṇais). In cūttirams 21 and 22 there are attempts to give such names.

At this point, reference should be made to the development potential of each of these regions. Among the four regions, development potential is very much less in the hilly region because increase in production is not possible there without a complete mastery over the geographical forces and an intelligent exploitation of the sources. In the case of the littoral tract, too, this is true. The land by its very nature is not very productive, and the economic affluence of the area depends on the techniques adopted for fishing. Quite understandably Cañkam literature does not speak of deep-sea fishing. What we hear of is coastal fishing and production of salt, the latter being a seasonal activity. Development potential is comparatively high in the pastureland because, inspite of the minimal water resources available, two major economic activities are pursued there —cattle rearing and agriculture. A study of the Cañkam literature reveals that Mullai was a region of expanding agricultural activities.[34] Major economic development which could restructure the entire social pattern was possible only in the riverine agrarian region where the land was plain and irrigation possible. The Marutam regions correspond to the river basins of Kāveri, Vaikai and Periyāru.

And this correspondence raises the question of the political development in the regions. Any student of South Indian history knows that the river basins of Kāveri, Vaikai and Periyāru correspond to the Cōla, Pāṇṭiya and the Cēra kingdoms. Peṇṇāru and Pālāru are the other two rivers of any significance and it is there that the Tiraiyars of the Cañkam period and the Pallavas of later times held sway. The rest of the country was less developed.

The relationship of economic development to political and social dynamism is an observed fact. Thus we are now able to understand the cause for the isolation of one area from another.

### *Tribal Society*

It is in this connection that the study of tribal groups of the Cañkam period assumes some significance. As Tolkāppiyar himself says such units were formed on a regional basis or are identified by their group names (Akat 20). Tolkāppiyar himself gives the names of Āyar (cattlekeepers) and Vēṭṭuvar (hunters). That they are each a tribal unit with distinguishing social organization, is seen not only in the *Ārrupaṭai* poems but also in *Cilapatikāram*, a work of about late fifth and early sixth century A D.[35] The tribal character of these two communities is very clearly brought out in the cantos, *Āuchiyar Kuravai* and *Vettuvavari*. *Kalittokai*, an anthology of the early post-Cañkam era (300-600 A D) too, reveals the tribal character of the āyar community.

Tolkāppiyar does not mention the names of the regional communities which are identified by names (peyar). The commentators provide a list.[36] Here we must add to the list the names of the tribes we know from the Cañkam literary sources. They are Paratavar, Kōsar, Āviyar, Ōviyar, Vēḷir Aruvāḷar, Āṇṭar, Kaḷavar, Maḷavar, Maṟavar, Pūḷiyar and others.[37] Almost all these tribes lived in non-riverine regions.

## *Political Decentralization*

The importance of these tribal units in the political evolution of south India is explained by Mahalingam thus:

> In pre-historic times people in South India were divided into a number of tribes, the main differences between them being largely due to their geographical environment. Among them were the agriculturists, pastoralists, hunters, those on the seashore and those in the desert regiön (sic). In course of time the social organization among the pastoral and the agricultural groups took a definite shape which led to the emergence of political organization.[38]

We should recall here the already quoted statement of Subbarao: "The divergence in the country is due to the difference in the cultural milieu of the first large scale agricultural communities in the different regions."[39]

The political significance of the Tiṉai division is seen in the concept of "Kuṟunilamaṉṉar" (kings of small lands). Caṅkam literature makes a clear distinction between the three monarchies and the other political units by using the term 'vēntaṉ' for the three monarchs.[40] Those who ruled over small territories were called Kuṟunilamaṉṉar. The area ruled by such a small ruler usually corresponded to a geographical unit. In *Puṟanāṉūṟu*, a number of such chieftains are mentioned; "poems dealing with chiefs start at PN 27 and thereafter all poems till that numbered 181 praise chieftains"[41] A feature of these minor kingdoms is that even when they came under the suzerainty of another ruler or one of the vēntars, their political and regional identity was maintained. This naturally meant the continuity of the social and economic organization of the area. The life of the general mass of the population of the region went on undisturbed.[42] The continuity of the Tiṉai concept must have been fostered by such a system of social isolation and political decentralization.

Except perhaps for the developed agrarian regions and maritime towns which were the centres of foreign trade, all the regions were economically self-sufficient. The essential commodities which most units could not produce were salt and metals;[43] and this was exchanged by barter. As in the case of the traditional Indian village economy, commodity production never upset the internal balance of the economy. Thus even the minimum trade relationship that was there between the regions did in fact help the continuity of the rēgional patterns.

## *Group Connotations*

Later, with the coming of Brahmin influence (the spread of Sankritization) these regional societies were turned into caste groups with all the ritual isolation that goes with that system. This too might have helped the continuity of the regional unit. It is interesting to note that the major caste groups in Tamilnadu are vocational groups—for instance the Veḷḷāḷar (the farmers), the Karaiyār (those of the coast—fishermen) Paḷḷar (those of the low-lying area—agricultural serfs).

This is perhaps the best juncture to inquire into the meaning of the word 'tiṇai.' We have already seen that Naccinarkkiniyar explains it as code of conduct and Iḷampūraṇar tends to interpret it as general theme or content.[44] These meanings have been given in the context of the chapter 'Akattiṇai Iyal' in Tolkāppiyar's *Poruḷatikāram.* But there are certain other contexts in which this word is used. There are instances in Caṅkam literature where this word is used to mean Kuṭi—a noun which means family, clan, settlement (PN 24, 27, 159, 373, Prp 14, 31, 72, 82, Kur 45). The word occurs in MK (326) and KP (205) and Naccinarkkiniyar explains the term as land in the first instance and as clan or family in the latter. This meaning of settlement or clan is indicated also in the compound form 'Tiṇai nilaippeyar.' Thus it is clear that the word had a primary meaning of clan, family or settlement. The most unassailable proof that this word meant 'class' or 'group' is seen in the employment of this word to denote the different classes of nouns. Tamil nouns are classified into Uyartiṇai and Ahrinai. Caldwell translated them as high caste and casteless nouns.[45] Even if we do not go to the extent of taking tiṇai as caste as we understand it today, it is indisputably clear that the word means family, clan, settlement. The word Kuṭi in Caṅkam literature is generally used to denote family or settlement (Prp. 59, Kur 95, 100, 184, 228, 284, 322, 355, NT 82, 87, 91, 110, 114, 156, 159, 203, 232, PN 19, 277, 295). It is therefore possible that the word first meant settlement (family and clan are congruous with the settlement) and by the semantic process of extension, later denoted the particular behaviour pattern of the people in the settlement.

Marr's comment on this problem is vital to the understanding of it. He observed "no tiṇai name exhibits relationship with any other Tamil or Dravidian word with the meaning related to the ideas of union, separation, waiting, anguish and quarrelling. On the other hand several of the tiṇai names have cognates in the Dravidian languages."[46] This would make the concept of referring to the behaviour patterns as something conceived at a more abstract level. In that circumstance, the other (orginal) meaning of the term Tiṇai (family, settlement) assumes importance because it explains the whole process as one denoting the behaviour patterns of the people living in different regions.

### *Asiatic Mode*

Students of Marxism and of economic history know that Marx in his attempt to trace the relations between the capitalists and proletarians of his own times "postulated a very early stage of human society in which all men were both owners and workers."[47] Marx thought that the system obtained in India was one of the primary modes of production and he called it the 'Asiatic mode.' The other forms are the Slavonic, the Germanic and the ancient classical. "In each of these, individual is a part of a tribal or communal entity."[48] Marx discusses the internal working of each of these primary systems and highlights those contradictory aspects within the system which leads on to a further development of the system. But when it comes to the Asiatic mode he says "The Asiatic form necessarily survives longest and most stubbornly. This is due to the fundamental principle on which it is based, that is, the individual does not become independent of the community; that the circle of production is self-sustaining unity of agriculture and craft manufacture etc."[49] Marx speaks of the different types of organization for purposes of work within this Asiatic form but the basic economic feature of the system is "the combination of manufacture and agriculture within the small community which thus becomes entirely self-sustaining and contains within itself all conditions of production and surplus production".[50]

An examination of the economic organization implied in the Tiṇai system reveals that it is the Asiatic mode operating at the very primary level. In this sense the economic organization implicit in this system is not very different from that of the organization found in the Indian villages. A closer look would reveal the cause for the ultimate emergence of Marutam as the most important of the settlement groups. It is there that agriculture proper develops. In Kuriñci, the stage is one of food gathering. The food production done there was not capable of changing the set-up because there was hardly any surplus. In the littoral region, too, the position was not very different except that they had to get their food by exchange of fish and salt: In Mullai the entire manpower of the community was not mobilized for production. In fact the males went out to tame animals or guard the settlements. At this stage. agriculture itself was rudimentary because it could not develop much. But all these handicaps were not seen in the Marutam settlement. The agrarian region with its surplus production of rice was able to exercise economic superiority over the other regions. Thus, while the lower organizations like Kuriñci and Neytal stagnated, Marutam expanded. This is a splendid illustration of a feature observed by the archaeologists: ". . . certain regions have advanced far more rapidly than others and the more backward often preserve many features which elsewhere belong only to a distant part".[51]

## *Uneven Social Values*

The different Tiṇais, in a sense, illustrate the different modes of production. It was perhaps because of this that the pioneer scholars thought that the entire Tiṇai complex revealed all the sequences of development.

It is the continuity of the mode of production and the economic relations that go with it that are responsible for the continuity of a particular social structure. The continuity of social structure means continuity of certain behaviour patterns.

It is in this context that the question of 'Tiṇai mayakkam' should be taken up for analysis. After dealing with the primary aspect of the behaviour patterns, namely region and time, Tolkāppiyar speaks of 'Tiṇai mayakkam'—blending of the features of one Tiṉai with those of another.

> Tiṉai mayakkuṟutalum Kaṭinilai ilavē nilaṉ oruṅku mayaṅ-
> kutaliṉrueṉa moḻipa pulaṉ naṉku uṇartita pulamaiyarō
> (Akat 12).

[Those learned in the art of poetics say that blending of the tiṉais is not inadmissible, but there cannot be blending of the nilam—the land (region)]

Iḷampuranar interprets the first line to mean that there could be a change in the 'Time'; Nacciṉārkkiṉiyar takes tiṉai to mean conduct and proceeds to say that behaviour patterns might differ (one that is peculiar to a particular region may take place in another region) but there can be no blending of the regions.[52]

As is very expressively stated, this is mainly a problem of poetics. Tolkāppiyar wants to maintain the primacy of the region. Whether Tiṉai here means 'Time' or 'Conduct' is of no major significance because the primacy of the region as a unit is maintained. In the next cūttiram, Tolkāppiyar categorically states that behaviour patterns do not blend. The reality of physical variation and difference in social mores must have been the compelling force behind such a literary taboo. Thus once again it is the regional basis of the community and its social order that emerge as the distinguishing factors. This reveals how the uneven economic development has in the end led to different (uneven!) social values.

## *Class and Family*

A socio-economic analysis of Mullaitiṉai has revealed the social significance of the behaviour pattern assigned to the region.[53] Such analyses have so far not been made for the other Tiṉais.

Yet the socio-economic significance of ūṭal—sulking as a behaviour pattern in Marutam could be seen very clearly. Agriculture in Marutam is privately owned. Development of agriculture had given rise to extensive development of private landholdings. It is in the agrarian region that we meet the first non-owning worker. In the course of the description of the agrarian region, poets often refer to "viṉaivalar" (those skilled in work) sowing and harvesting (Kur 309, NT 60, 450, PPA 196, 262, PP 7-19). Surplus production, the basis of economic power, could be deduced from those references to the storing of paddy in large quantities (NT 26, 60). Landlordism is clearly implied (PrP 13: 23-4).

In such an economy of affluence, it is no wonder that the virali of the heroic age turns out to be the harlot. With the change of the economic base of political authority (from plunder to production) the female artistes of the heroic age become the harlots of the feudal age. Harlotry becomes a socially acceptable outlet for extra-marital indulgence, for it has the unique advantage of not interfering with the property rights and with family succession. But to the kiḻatti (the proprietress) nevertheless it is a problem that challenges her existence as the beloved wife. Ūṭal naturally dominates in such a relationship.

The behaviour pattern mentioned for pālai is wife's anguish over husband's journey. We have already seen how pālai is seasonal change of the hilly region.

In these poems on separation, the wife's concern for the husband is depicted by the description of the forests and hills he had to pass and the fierce marauders he had to encounter on the way. The purpose of the journey is mentioned with a certain terminological exactitude. The terms are ceyporuḷ (made or earned wealth) and viṉai (effort). Viṉai would include royal duty too but ceypóruḷ is essentially economic.

They left their homes by December-January or April-May and returned by August-September. This period between January and August especially from March to August is the hot season in Tamilnadu, and quite understandably the concern for the husband who has gone away during that period becomes the motif in such poems.

The socio-economic significance of the motif in Kuriñci poems is rather difficult to seek. In Kuriñci poems the main theme is sexual union and those that lead to it. Being the most primary of social organizations it is but natural for the hill communities to exhibit moves that befit a primitive community. It is possible that premarital intercourse, an accepted social custom of the region must have had an important bearing on the development of this conduct.

## *Mirror of Life*

The foregoing regional and socio-economic explanation of the Tiṉai concept raises a question of importance: When did this tradition start?

It cannot be said that Tolkāppiar, the grammarian was the one who prescribed it. We have already seen that Caṅkam texts themselves refer to the Tiṉai concept. The concept of Nānilam (Four regions) and Aintiṉai (Five behaviour patterns) was already known in that period.

One should not make the mistake of viewing these as grammatical prescriptions. Grammatical recognition only implies the high literary incidence of the concept; and the high literary incidence only shows how deep-rooted these traditions were.

An answer to that question should not fail to highlight the historical antiquity and continuity of certain settlements in Tamilnadu. Commenting on late Stone Age coastal sites (teris) the Allchins say: "Fishing communities on the coasts of India still live in situations of this kind, building their huts among sand-dunes which are far from stable in order to be near their fishing grounds."[54] This area falls into the traditional Neytal region. Again it has been shown that Caṉkam references to cattle raiding and so forth should be viewed in the context of cattle-keeping in south India during the Neolithic Age.[55] Such associations reveal that the Tiṉai concept is in fact a clue to the pre-history of Tamilnadu.

But it is interesting to note that after the Caṉkam period, the Tiṉai concept ceases to be an effective literary norm. No doubt it is maintained in tradition but only as a depleted device, not as a mirror of life. This could be seen in the treatment of this theme in *Kaliṭṭokai*. The treatment of the characters in Pālai, Kuriñci and Neytal *kali* shows that the co-native aspect of the regions is given more importance than the descriptions of life in those regions. In the *Kuriñcikkali* the hero is one "who owns the forest".

The reason is not far to seek. With the decline of the Caṉkam age, the character of political authority changes. With the expansion of monarchical power, intrusion of foreign rule and inflow of Brahmanic influence, the non-Marutam regions fade into the background. Vaḷḷuvar's definition of state reveals this amply. He defined 'nāṭu' (state, country) as one which has fertile lands that never fail, capable men and unlowly rich men. This definition by its emphasis on the developed agrarian regions implies that the tribes do not fall within the limits of the state. Vaḷḷuvar considers Kuṟumpu, the basis at one time of Kuṟunilamaṉṉar, as a nuisance.

*Cilapatikāram* tries to initiate a movement that would make the Tamil country once again homogeneous but the mercantilist class Iḷaṅkō portrayed was not capable of affecting a political change in strife-torn Tamilakam. With the rise of Pallava power and ascendancy of Vedic Hinduism, the inhabitants of the non-Marutam regions become outcastes. Thereafter the Tiṉai concept becomes a matter for poetic criticism only.
*(The author wishes to express his gratitude to Professor George Thomson for illuminating discussions on the subject).*

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[1] For an introduction to Tamil literature and its history see L Renou and J Filliozat *L'Inde Classique*, Vol I, Paris 1947, Section on Tamil by P Meille.
C and H Jesudason, *A History of Tamil Literature*, Calcutta 1971.
T P Meenakshisunderam, *A History of Tamil Literature*, Annamalai 1962.
S Vaiyapuripillai, *A History of Tamil Language and Literature*, Madras 1957.

[2] Eṭṭutokai works are *Narrinai* (NT), *Kuruntokai (*Kur*)*, *Ainkurunuru (*Aink), *Patirruppattu* (Prp), *Akananuru* (AN) and *Purananuru* (PN). *Kalittokai* (Kalit) and *Paripatal* though traditionally considered part of this anthology are now considered late in origin. *Pattupattu* works are *Porunararrupatai* (PA) *Cirupanarrupatai* (CPA), *Perumpanarrupatai* (PPA) *Mullaippattu* (McP) *Maturaikanci* (MK) *Netunalvatai* (NNV), *Kurincipattu* (KP), *Pattinappalai* (PP) and *Malaipatukatam* (MPK). *Tirumurukarrupatai* listed first in the traditional list is now considered to be a post-Cankam work.

[3] K A N Sastri, *History of South India*, Oxford 1966, p 117.

[4] A L Basham, *The Wonder that Was India*, London 1954; S K Chatterjee, *The Indian Synthesis and Racial and Cultural Intermixture in India*, Bombay 1953.

[5] *Tolkappiyam* consists of three books—Orthography, Morphology and Poetics. The third book is known as *Porulatikaram (*Chapter that deals with Porul content) and is subdivided into *Akatinailyal* (section on love) *Purattinai Iyal* (section on military and non-love themes) *Kalaviyal* (on premarital love) *Karpiyal* (marital love), *Poruliyal* (on content of love poems) *Meyppattiyal* (on sentiments), *Uvamaiyal* (on similes) *Ceyyuliyal* (on prosody) and *Marapiyal* (literary idioms).

[6] S Vaiyapuripillai, *op. cit.*, p 65. Also V Chelvanayakam, "Some Problems in the Study of *Tolkappiyam* in Relation to Cankam Poetry", *Proceedings of the First International Conference Seminar on Tamil Studies*, (April 1965), Vol II. For the opposite view see T P Meenakshisunderam, *A History of Tamil Language*, Poona 1965, p 51.

[7] These discussions are found mostly in the first five subsections of the third book.

[8] *Tolkappiyam - Porulatikaram-Ilampuranam.* The South Saiva Sidhanta Works Publishing Society, Madras 1965, p·5.

[9] Kanecaiyer (Ed.) *Tolkappiyam- Porulatikaram-Naccinarkiniyam*, Thirumakal Press, Chunnakam 1948, p 5.

[10] *Ibid.*, p 20.

[11] M Raghava Iyengar, *Tolkappiyaporulatikara Araycei*, Tamil Sangam, Madurai 1929, p 23.

[12] *Ibid.*, pp 24 ff.

13 P T Srinivasa Iyengar, *History of the Tamils up to 600 A D*, Madras 1929, p 4, cf. his article on "Environment and Culture" *Triveni*, Vol I, No 3, Madras 1928, p 72.

[14] *Ibid.*, pp 5-12.

[15] V R Ramachandra Dikshithar, *Studies in Tamil Literature and History*, University of Madras 1936, p 178.

[16] K Zvelabil, "Tamil Poetry 2000 Years Ago". *Tamil Culture*, Vol X, Madras 1963.

[17] X S Thaninayagam, *Landscape and Poetry*, Asia Publishing House, London 1966, p 39.

[18] S Singaravelu, *Social Life of the Tamils - The Classical Period*, University of Malaya, Kuala Lumpur 1966.

[19] N Subramanian, *Sangam Polity*, Asia Publishing House, London 1966, p 249.

[20] K Sivathamby, "An Analysis of the Anthropological Significance of the Economic Activities and Conduct Code Ascribed to Mullai Tinai", *Proceedings of the First International Conference Seminar of Tamil Studies*, Vol I, Kuala Lumpur 1966, pp 320-331.

[21] Hans Bobek, "The Main Stages in Socio-Economic Evolution from a Geographical Point of View", *Readings in Cultural Geography*, Philip L Wagner, Marvin W Miskell (Eds) University of Chicago Press 1962, pp 218-247.

[22] Warde, *The Irregular Movement of History - The Marxist Law of the Combined and Uneven Development of Society*, New York Publications, London 1957, pp 1-2.

[23] D D Kosambi, *The Culture and Civilization of Ancient India*, Routledge and Kegan Paul, London 1965, pp 1-6.

[24] Bridget and Raymond Allchin, *The Birth of Indian Civilization*, Pelican Books 1968, pp 233-34. See also pp 44 and 53.

[25] B Subbarao, *The Personality of India*, Baroda 1956, p 6.

[26] *Ibid.*, p 55.

[27] K Ramamurthi, "Some Aspects of the Regional Geography of Tamil Nad", *Indian Geographical Journal*, Madras, Vol XXII, No. 2 ff. For the influence of geography on the history of Tamilnad, see opening section of K A N Sastri, *The History of Culture of the Tamils*, Calcutta 1964, pp 1-3.

[28] U V Caminata Iyer (Ed.) *Cilappatikaram*—with Atiyarukunallar's commentary, (7th edn·), Madras 1960, p 302.

[29] *Tolkappiyam, Ilampuranam*, p 10.

[30] Kanecariyar (Ed.) *Tolkappiyam–Porulatikaram-Naccinarkkiniyam* op.cit., p 61.

[31] U V Caminata Iyer, *Pattupattu* with Neccinarkiniyar's commentary, (6th edn.), Madras 1961, p 225.

[32] As for the necessity of the author of *Maturaikanci* to speak of 'nanilam' first and then 'aintinai', see later.

[33] *Tolkappiyam-Porulatikaram* (Nac). pp 58-9.

[34] K Sivathamby, *op.cit.*

[35] For a detailed analysis of the date of the *Cilapatikaram*, see K Sivathamby, *Drama in Ancient Tamil Society*, Thesis (unpublished) for the degree of Ph D at the University of Birmingham, 1970, pp 108-119.

[36] *Tolkappiyam-Porulatikaram* (Nac), p 61
-do- -do- (Ilampuram) pp 20-1

[37] Turai Arankacamy, *Cankakalac Cirappup Peyarkal*, Paari Nilayam, Madras 1960, pp 202-341.

[38] T V Mahalingam, *The South Indian Polity*, University of Madras 1955, p 11.

[39] B Subbarao, *op.cit.*

[40] Turai Arankacamy, *op.cit.*, p 207.

[41] J R Marr, *The Eight Tamil Anthologies with Special Reference to Purananuuru* and *Patirru-pattu*, Ph D thesis (unpublished), University of London 1958, p 202.

[42] It is this anonymity of central power that led to a particular social attitude towards political authority brilliantly enshrined in the proverb *"Raman antalenna Ravanan antalenna"* (Who cares whether Rama rules or Ravana rules.)

[43] D D Kosambi, "Development of Feudalism in India", *Annals of the Bhandarkar Oriental Research Institute*, Vol 36, 1955, pp 258-269.

[44] See 8 and 9 above.

[45] R Caldwell, *Comparative Grammar of Dravidian Languages*, London 1856, p 172.

[46] Marr, *op.cit.*, p 21.

[47] K Marx, *Pre-Capitalist Economic Formations* edited with introduction by E J Hobsbawm, London 1964. E J Hobswbawm's introduction is a masterly piece of writing on this subject. Also Daniel Thorner, "Marx on India and the Asiatic Mode of Production," *Indian Sociology*, No IX, 1966.

[48] Daniel Thorner, *loc.cit.*

[49] K Marx, *op.cit.*, p 83.

[50] Daniel Thorner, *loc.cit.*

[51] Allchins, *op.cit.*, pp 44-5.

[52] *Tolkappiyam-Porulatikaram*, Ilam, p 14, Nc. pp 35-6.

[53] K Sivathamby, *loc.cit.*

[54] Allchins, *op.cit.*, p 94.

[55] F R Allchin, *Neolithic Cattlekeepers of South India*, Cambridge 1963, p 172.

# *NOTES*

## *An Answer to the Theory of Convergence*

THE term 'convergence' is borrowed from natural science. In biology it means the acquisiton or development of similar characters by different groups of organisms due to similarity in habits or environment. By analogy a number of bourgeois economists and sociologists apply the idea of convergence to the capitalist and socialist systems, which are supposed to be gradually losing their former contradictory character and acquiring certain common features that make them increasingly resemble each other.

Convergence theory bears a certain resemblance to other bourgeois conceptions, notably, Walt Rostow's teaching on the stages of economic development and the "single industrial society" theory which has gained acceptance in the West. But they are not identical. Admittedly, the advocates of all these theories strive to detect similarities between the socialist and capitalist economies and to relate them to one and the same 'stage' (in the case of Rostow—to the "movement towards maturity" stage) or to one and the same "industrial system". Nevertheless the convergence theory should not be confused with the general thesis that certain similarities exist between the socialist and capitalist systems. While many bourgeois economists maintain that such similarities do exist, by no means may all of them be called adherents of the convergence idea. Allen G Gruchy, the American economist, for example, says that "although economic systems reveal many special features there are many common trends in their development". Yet he sees no convergence of the two systems and believes that "there is now no prospect of any ultimate convergence between economic systems with these basically contradictory ideologies."

### *Three Propositions*

There are three main propositions which distinguish the convergence theory. One is the proposed existence of a *growing similarity* between the two economic systems, with a particular accent on its growth. If there were similarities while the fundamental differences persisted there could be no question of any convergence. No biologist will speak of convergence in regard to the lion and the sheep just because both are mammals. Thus the convergence theory emphasizes not any static similarity but the progressive accumulation of common features.

The second proposition is the gradual disappearance of the difference between the two systems as a result of a *mutual* drawing together: the stress is laid on *reciprocity*. Bourgeois ideologists have previously claimed that a capitalist 'regeneration' is taking place in the Soviet economy, but this has never gone as far as the convergence theory. Only those economists and sociologists may be classed as proponents of the convergence theory who maintain that while the socialist system is gradually acquiring some of the features of capitalism, the capitalist system is also coming more and more to resemble socialism.

The third is the far-reaching conclusion regarding the *tendency towards a merger* of the two systems, their transformation into a single socio-economic system of a 'mixed' type, which synthesizes some features of modern capitalism with elements of socialism.

In his *Theoretial Economic Systems, A Comparative Analysis* published in 1958, Walter S Buckingham, an American economist and one of the founders of convergence theory, writes that one of the main conclusions of his study was that the actual functioning economic systems were growing more similar than dissimilar.

Among the advocates of convergence theory the most energetic and consistent is Jan Tinbergen, the Dutch economist. In 1961 he published an article entitled "Do Communist and Free Economists Show a Converging Pattern?" His answer to the question was in the positive. In 1965, Tinbergen produced a new series of articles on the subject, which were published in the Belgrade journal *Medunarodna Politika.* In these articles he reached the conclusion that "both systems are developing and that many of the changes occurring in them show a converging pattern." He even claims it can be argued that "both systems are moving towards a system which is better than pure capitalism or pure socialism in the accepted sense of these terms."

## *Two Variants*

The convergence theory has two variants. One is the *economic* variant, which is based on the thesis that the two economic systems are gradually drawing closer and that the differences between them are disappearing. The other is the *sociological* variant, which holds that not only the economic but also the social systems, including the entire range of economic, political and other social relations, reveal this trend towards mutual drawing together and eventual merger into a single system.

The most prominent advocates of the sociological variant are Raymond Aron of France and Pitirim A Sorokin of the United States. Aron, the author of many sociologocal studies, writes in his *Eighteen Lectures on Iudustrial Society* that the socialist and capitalist systems are two variants of an 'industrial society' and that both are gradually drawing closer to each other. In another book he expresses the view that "all industrial societies will in future grow more and more alike but the resultant universal society will hardly have to make the radical choice between planning and market, between public and private property."

Sorokin develops convergence theory in the broadest manner in his *Basic Trends of Our Times* published in 1964. He studies convergence in its following aspects: natural sciences and technology; social sciences and humanities; philosophy; ethics and criminal law; education; fine art; sports and recreation; religion; marriage and family; economic system; social relationships; political system. In all these fields he attempts to discover a rapprochement between the two systems. Sorokin draws the conclusion that "if mankind avoids new world war and can overcome today's grave emergencies, the dominant type of the emerging society and culture is likely to be neither capitalist nor communist but a type *sui generis* which we can designate as *integral type.* This type will be intermediary between the capitalist and communist orders and ways of life.

A general sociological study of the convergence theory is beyond the scope of this note, which is intended as a critical study of that theory only in its economic aspect. However, since sociologists, too, often touch upon economic questions, their works must also be referred to.

## *Close and Similar*

The proponents of the convergence theory hold that economic systems can achieve a rapprochement primirily by: (a) gradually overcoming their own shortcomings, and (b) by adopting the positive features of the other system. "On the one hand", Tinbergen says, "each system is learning from experience and trying to overcome some of its weaknesses. On the other hand, the systems begin to influence each other more and more." This idea of "borrowing from each other" is stressed by many advocates of the convergence theory.

Their arguments follow two basic lines. One maintains that technological progress is spreading to the countries of both systems and drawing them closer together. The other proceeds from the thesis that the two systems are beginning to resemble each other in certain socio-economic respects as well. This is said to be manifested in the following development: the economic role of the state is growing in the capitalist countries, while it is becoming somewhat weaker in the socialist countries; planning is developing in the capitalist countries while in the socialist countries its importance is supposed to be on the wane owing to the development of market relations; a trend towards the mitigation of economic inequality in capitalism is supposed to be at work, while in socialist society inequality is alleged to be on the increase.

In respect of the role of technological progress the convergence theory agrees with the "single industrial society" conception. The development of modern technology, the proponents of both theories say, engenders similar processes in the economies of the two systems: the scale of enterprises grows, the share of industry in the economy increases, manpower is drained from agriculture and so on. These identical processes, they say, diminish the difference between the two economic systems and increase their similarity.

John Kenneth Galbraith prefers the concept of the "modern industrial system" to the concept of "capitalism" and "socialism." He thinks that it is irrelevant to classify modern industrial societies according to the principle of social system. In his view, it is much more important to understand the general demands made by technological progress in the countries of both systems.

## *Technological Approach*

Raymond Aron's views closely resemble those of Galbraith. He too attached prime importance to the concept of "industrial society", defining it as "a society where industry, that is, large-scale industry, is the most characteristic form of production". True, Aron admits that there are "two types of industrial society" capitalist and socialist, and maintains that differences between them are decreasing, while the similarity between them is growing. Pitirim Sorokin points to technological progress as one of the factors contributing to convergence of the two economic systems. Comparing the USA and the USSR, he writes: "Technically, both countries have already become essentially similar to each other. Both nations use similar techniques of production, up to the introduction of the techniques of automation and mass production."

All these arguments suffer from basic methodological faults of taking a technological approach to economic systems. The existence of similar technical and economic processes in countries of both systems is regarded as proof of their gradual "rapprochement" and "convergence."

In course of the discussion, technology and phenomena directly connected with it are substituted for social productive relations. But neither technology nor the branch structure of production determines a society's economic system. Even with similar technologies and more or less similar branch structure of production, the economic system of the socialist countries differs radically from the capitalist system because of their different production relations. Social ownership of the means of production is the antipode of their private ownership; socialist labour for oneself and for society is the opposite of hired labour for private exploiters; production with the aim of fuller satisfaction of the needs of all members of society is the opposite of production for the sake of profits, and so on. Taking economic relations out of their social context and reducing them to technology condemns the theory of convergence to completely false conclusions.

## *State Intervention*

The growth of the state's economic role in modern capitalist society is emphasized by all advocates of the convergence. Thus, W S Buckingham declares that "all democratic capitalist governments already have enormous powers at their disposal for regulating economic activity."

Galbraith attaches great importance to the economic role of the state under modern capitalism. At the same time, wishing to substantiate the thesis of growing similarity of the economic role of the state in the capitalist and socialist countries, he refers to the trends towards so called decentralization observed in the Soviet Union and East European countries. He claims that as a result of decentralization certain economic functions in the socialist states are being transferred "from the state to the firm", and that the growing autonomy of the industrial enterprises approximates their status to that of enterprises in capitalist countries.

Raymond Aron considers growing state intervention in the economy of the capitalist countries a symptom of the process of "socialization". He maintains that states "consider themselves today responsible for the functioning of the economy and cannot tolerate deep depressions. In this sense the Western capitalist economies include definite mechanisms which, in the West, are usually regarded as being of a socialist nature."

It should be noted right away that the thesis on the growing role of the state in the capitalist economy is not in itself objectionable. However, by recognizing this role, bourgeois economists are saying nothing new. Half a century ago Lenin pointed out that monopoly capitalism was gradually being transformed into state monopoly capitalism, and explained the nature of the latter. Extensive state intervention in the economy is truly characteristic of modern capitalism. However, the interpretation given to this phenomenon by the proponents of the convergence theory is entirely erroneous.

## *Class Character of State*

To begin with, they gloss over the crucial question: What is the social nature of the state and in whose interests does it intervene in the reproduction process? The bourgeois state, representing the interests of monopoly bourgeoisie, is one thing, while the socialist state, representing the interests of working masses, is quite another. The former influences its economy in order to ensure direct benefits for the capitalist monopolies, that is, to ensure them maximum profits and also to serve the general interest of the bourgeoisie by saving the capitalist system. The influence exerted by the socialist state on its economy is of a fundamentally different nature, and this is just what the theorists of the convergence theory pass over in silence. The socialist state, which serves the interests of the people, sets itself the task of building a communist society and raising the living standard of the working people.

In this connection it should be pointed out that it is wrong to view the growing economic role of the state in capitalist countries as "socialization." When bourgeois and reformist ideologists do so, they deliberately ignore the social nature of the state. Extensive utilization of economic regulation by the state does not change the essential, exploiting nature of capitalism.

Secondly, no matter how much the economic role of the bourgeois state may grow, it is still unable to direct the economic development of society. To direct economic development means to determine the growth rate of the national economy and its most important proportions; to ensure the continuous expansion of production and a corresponding expansion of consumption; to play a decisive role in the distribution of the matterial, financial and labour resources between the different branches of production; to ensure complete utilization of the labour force and other national resources.

Under capitalism, where the bulk of the means of production is private property, 'and production is conducted not to satisfy the requirements of society, but to assure maximum profits to the capitalist, all these things remain impossible. Capitalist ownership of the means of production and the scramble for profits set definite limits on the economic role of bourgeois state. During the past decades this role has, undoubtedly, become greater, though it is not dominant.

The fact that capitalism has still been unable to end cyclic fluctuations of production and prevent the rotation of industrial booms and crises is a manifestation of the bourgeois state's inability to direct economic development, even though state intervention in the economy has mitigated the crises. Another manifestation of the bourgeois state's limited ability to inflence its economy is the continued mass unemployment despite all promises to guarantee "full employment".

Thirdly, any attempt to prove not only that the capitalist system is drawing closer to socialism in terms of the economic role of the state, but also that socialism is in turn approaching capitalism, are groundless. The proponents of the convergence theory who make such claims usually refer to the "decentralization" of industry in the USSR, which is associated with the economic reform that gives enterprises wider rights. It is fundamentally wrong, however, to interpret the economic reforms in the socialist countries as a weakning of the state's economic role. The Soviet state continues to run its economy, and the transfer of some functions of the central bodies to enterprises is not tantamount to their transfer "from state to the firm", as Galbraith puts it. A Soviet factory is a state enterprise and not a private firm. Therefore, any adjustment of functions between the central economic bodies and individual enterprises is an adjustment within the state sector, not its weakening. As regards the functioning in the USSR, at the present stage, centralized planned economic management concurrent with the continuing development of the initiative and autonomy of enterprises, is an indication not of any approximation of Soviet economy to capitalist economy, but of a more effective application of socialist principles of economic management.

### *Capitalist Programming*

The view that the development of planning within the capitalist framework is a decisive factor working for the rapprochement of the two economic systems figures prominently in the covergence theory. "Planning and socialism are not the same thing at all", says Buckingham, "...economic planning is part of the very texture of the government in all industrialized countries."

Jan Tinbergen regards the development of planning as one of the most important recent changes in the capitalist system. In this connection he writes: "The policy in question like any other one must necessarily be planned; this element of socialist system has now been universally adopted. This is one of the channels for the penetration of socialist ideas. Both western and southern countries, one after another, are introducing a definite type of planning ... True enough, their type of planning is less rigid than in the eastern countries. But both types are changing and we are looking for the 'best' method of centralization in planning."

Galbraith derives planning from technological progress. Technology under all circumstances leads to planning, he says. He considers the corporation the main planning body in capitalist countries. However, he admits that definite limits are set to corporation planning because it cannot control demand, ensure the training of skilled personnel and finance large scale technological and scientific research. The functions that corporation planning cannot perform are taken over by the state.

### *Socialist Planning*

Concurrently with the view that the capitalist economic system is increasingly becoming a planned system, the proponents of the convergence theory maintain that the trend observed in socialist economy is for the role of planning to decrease as a result of developing market relations. Some bourgeois newspapers and journals have been particularly emphatic in connection with the preparation and subsequent implementation of the economic reform in the USSR. Thus, after the September 1965 Plenary Meeting of the Central Committee of the CPSU, the British *Daily Telegraph* triumphantly wrote, "the planning mechanism is in large part to be dismantled and market economy installed in its place".

Despite such predictions, however, the role of economic planning in the USSR is not diminishing but, on the contrary, constantly increasing. The socialist planning is described as "central element, the core of national economic guidance."

In criticizing the convergence theory it would be an oversimplification to say that capitalism excludes all planning. Engels was among the first to point to elements of planning under capitalism. Lenin who created the Marxist theory of monopoly capitalism, said that the concept of plan could no longer be considered alien to trusts, and that monopolies were keeping rough records of raw material sources and the size of the market.

A new phenomenon in modern capitalist economy is the fact that planning has to a certain extent exceeded the framework not only of individual enterprises but also of individual monopoly associations. At present some bourgeois states are implementing economic programming on a national scale and referring to it as "planning."

## *Essential Contrasts*

Capitalist programming differs essentially, however, from socialist national economic planning. To begin with, it persues entirely different aims, since it is designed to strengthen monopoly capitalism. Then again, the bourgeois states do not control the key positions of the economic apparatus and, therefore, the economic development plans or programmes drawn up by them are essentially in the nature of recommendations which are not binding on private capitalist firms and corporations.

The feasibility and effectiveness of socialist economic planning is ensured by the concentration in the hands of the socialist state of all key positions in the economy. The programmes and plans drawn up by capitalist states have no such basis, and some bourgeois scholars feel compelled to admit this.

It should be noted that the proponents of the convergence theory often contradict themselves. Thus, in his article on convergence Jan Tinbergen writes about the rapprochement between capitalist and socialist planning, while in his monograph on "Central Planning" he admits that "in countries with a large private sector, sector plans will be more in the nature of forecasts than of plans."

In refuting the convergence theory it should be pointed out that planning as practised under modern capitalism does not transform modern capitalism or equate it with the socialist system. Nevertheless it should not be overlooked that programming in the capitalist countries is linked with the network of bodies which study economic development trends, collect a large volume of useful data or organize statistics on national economic relations. This is a new element of socialist prerequisites currently maturing under capitalism, though not a "convergent movement", that is, not a penetration of socialist elements into the capitalist economy.

Finally, as we have seen, there are no grounds whatever for the assertion that "deplanning" is taking place in the USSR and other socialist countries. Bourgeois economists and journalists making such assertions confuse the role and nature of planning with the problems of improving its efficiency. The decrease in the number of indices established by the central bodies and the extension of planning at the lowest level (at the level of enterprises and their associations) is wrongly depicted by them as "deplanning," as "dismantling of the planning machanism," etc. Actually, however, the economic reforms in the USSR and other socialist countries are designed to improve planning as much as possible. Many indices are now established by the enterprises themselves, since they are in the best position to take due account of their reserves and potentialities. At the same time the central planning bodies are concentrating their attention on the key indices and are thus able to improve the quality of centralized planning.

### *Methodological Errors*

The views of the proponents of convergence theory on planning and market relations reveal one of the main methodological errors of that theory : formal reasoning and a resulting undifferentiated approach to economic phenomena and processes.

The following two syllogisms used (directly or indirectly) by many bourgeois ideologists may serve to illustrate such formal reasoning.

Syllogism One. Major premise : planning is inherent in the socialist economic system. Minor premise: planning is used on a growing scale in the capitalist economy. Conclusion: the capitalist system is moving nearer to the socialist.

Syllogism Two. Major premise: Market relations are inherent in the capitalist economic system. Minor premise : commodity-money-market relations are developing in the socialist countries. Conclusion: the socialist system is moving nearer to the capitalist.

Both syllogisms exhibit a formal, undifferentiated approach to economic phenomena: the first—to planning, and the second—to commodity-money relations. In other words, they ignore the fundamental difference between capitalist and socialist planning and between capitalist and socialist commodity-money relations. As we have seen above, the development of planning elements in capitalist countries does not make the capitalist system socialist. On the other hand, both under capitalism and socialism there exist commodity-money relations, but their nature is different and, therefore, the development of commodity-money relations and markets in the socialist countries is by no means an indication of their development in a capitalist direction.

Another typical methodological error of the convergence theory is the primacy of the quantitative approach to economic phenomena over qualitative analysis. To understand economic systems it is essential to reveal the specific properties of each. Yet the proponents of the convergence theory accentuate not the particular but the general, and give preference to a quantitative approach over qualitative analysis. In an attempt to efface the fundamental differences between capitalism and socialism, Jan Tinbergen, for instance, sees only quantitative variations between the state regulation of the economy in capitalist countries on the one hand, and socialist economic planning on the other.

### *Distribution Sphere*

Some proponents of convergence theory see a rapprochement between the two systems in the distribution sphere as well, and assert that while incomes are being distributed in capitalist countries ever more evenly, inequality in distribution of incomes is growing in the socialist countries. Buckingham writes of the Soviet economic system that "it is collectivist... but probably less equalitarian than that of the United States". Jan Tinbergen cites as one of the major changes in the USSR a short-lived attempt to "equalize the incomes in drastic ways. The well-known consequences of such equalization by a decree forced the regime to introduce a wage system which makes wages largely dependent on productivity. Strangely enough, this was then labelled 'socialist wage policy".

Pitirim Sorokin, going even further, speaks of rapprochement as embracing not just distribution of incomes but the entire aggregate of social relations within the two systems. He believes social relations may be subdivided into (1) family relations, (2) contractual relations, (3) coercive relations. The first type of social relations is based on mutual love, devotion and sacrifice, the second on mutual benefit, and the third refers to relations imposed by one party on the other contrary to its will and interests. According to Sorokin, even though the first and third types of relations are more developed in the USSR than in the USA, and the role of the second type of social relations is greater in USA than in USSR, a rapprochement is evident in this sphere, too. To prove his point he refers to the steps the US Government has had to take in the spheres of social security, taxation, education and public health under the pressure brought to bear by the working people.

## *Equality and Welfare*

First of all, it must be stated emphatically that the allegations of growing inequalities of incomes in the socialiat system are completely false. On the contrary, the current trend there is not towards an increase but decrease of such inequality. Thus, in the USSR lower-paid workers are first to get wage increase and these increases are larger than for any others. Thus, the gap in the remuneration of the different population groups is being eliminated.

Another important factor is the growth of the social consumption funds, which are used for the extensive development of education and public health, payment of pensions, and so on. Those in the lower income brackets have wide access to these funds, and this increases their real incomes. Obviously, the growth of the incomes of lower-paid groups does not constitute a transition to wage levelling. Different wagescales for skilled and unskilled, heavy and light labour and also for labour of different productivity continue to exist in the USSR (and in other socialist countries). Despite Tinbergern's claim, this practice is no deviation from the principles of socialism. On the contrary, it is realization of the socialist principle of distribution according to the amount and quality of labour.

The assertion about "equalizing" trends under modern capitalism is also entirely unfounded. It is typical that none of the above-mentioned authors cite any concrete data to substantiate this assertion. The facts, however, contradict it.

Speaking of the alleged growth, in the capitalist countries, of the importance of "family relations" at the expense of contractual relations, Sorokin refers to the social measures being implemented by the bourgeois state. In some capitalist countries, including the USA, the government, under pressure from the working people, has been compelled to introduce unemployment insurance or social security for the aged. This has naturally somewhat improved the position of the working people under capitalism but it has not changed it radically. The fact that the unemployed are receiving small benefits and the aged are drawing a pension does not "equalize" the position of the working man with that of the capitalist. Finally Sorokin's interpretation of the relations between the working people and the bourgeois state as "family" relations completely distorts the actual situation. In fact only certain measures adopted by the bourgeois state are dictated by the interests of the working people, while it is overall policy serving the selfish interests of the monopoly bourgeoisie, rather than the interests of the people. This is clearly expressed, for example, by the wage freezes, anti-labour laws and so forth.

## *Illusion and Reality*

In criticizing the convergence theory (and other modern bourgeois theories as well) we must not treat them as a collection of absurdities or pure fiction. We should be guided by Lenin's important methodological explanation: "Philosophical idealism is *only* nonsense from the standpoint of crude, simple, mataphysical meterialism. From the standpoint of Dialectial Materialism, on the other hand, philosophical idealism is a *one-sided*, exaggerated development (inflation, distension) of one of the features, aspects, facets of knowledge into an absolute, *divorced* from matter, from nature, apotheosized". This statement, made in the context of philosophical questions, may be applied equally well to the criticism of bourgeois politico-economic theories.

The convergence theory is a reflection in the ideology of certain actual features and phenomena of modern economic life. The theory can be compared to a convex or concave mirror in which the image loses its true proportions. But such a mirror does not invent the person standing in front of it; it simply reflects him, though in a distorted way, exaggerating some of his features. Nor has the convergence theory simply conceived its propositions out of nothing: it has reflected, though in a distorted manner, some of the features of the modern capitalism. What we may ask, has it drawn from life and what belongs to the realm of distortions and illusions?

In our opinion, the convergence theory reflects the following actual phenomena of the modern capitalist economy: (1) the prgressive socialization of production in connection with the scientific and technological revolution; (2) the growing economic role of the state, and (3) the introduction of elements of planning.

The development of productive forces inevitably leads to the increased socialization of capitalist production. Capitalist enterprises are getting larger and larger, they employ thousands of workers and their output supplies the requirements of hundreds of thousands and even millions of people, the social division of labour is developing, and new branches of production are evolving. The modern technological revolution has vastly intensified this socialization process. The theorists of convergence have noted this aspect and considering it out of the context of all the relevant phenomena, they have given a distorted view of modern capitalist reality.

This distortion lies in their considering the steadily increasing socialization of capitalist production in isolation from the private form of appropriation, whereas actually the two phenomena form a unity. No matter how the capitalist enterprises may grow in size or manpower, no matter how collective, or corporate they become, the vast majority of them will remain private property. When Galbraith points out that the very nature of modern large-scale industrial corporations lead them to adopt decisions collectively, and then goes on to say that this is equally true both of the socialist system and of the capitalist system of free enterprise, he abstracts himself from the essence of the capitalist mode of production, that is to say, the private appropriation of social means of production. Between capitalism which is based on private ownership and socialism, which is based on public ownership, there always was and still is a deep chasm. Therefore, the basic concept of the convergence theory, that of a "rapprochement" between the two economic systems, is not merely in illusion but a tendentious and harmful one.

### *Seeing through Smokescreen*

The convergence theory further notes the growing economic role of the bourgeois state and the introduction of elements of planning in the capitalist countries. However, it reflects these phenomena one-sidedly in the exaggerated and, therefore, disorted manner. No matter what measure? the bourgeois state may take to regulate and plan its capitalist economy, it will be unable to conduct the entire reproduction process according to plan; it can only exert a certain influence upon it. In this respect there is a fundamental, qualitative difference between the two systems, and any convergence is out of question.

Is the capitalist system nevertheless drawing closer to socialism? The answer to the question is yes, though not in the sense implied by the advocates of convergence. The capitalist system is drawing closer to the socialist system in the sense that more and more material and organizational prerequisites of socialism are taking shape within its frameworks. Advanced techniques, progressive forms of economic programming,all these prepare the grounds for and hasten a transition to socialism. However, the fact that capitalism is moving in the direction of socialism does not mean that socialism is in progress within the framework of capitalist system as such. As for the assertions that the socialist countries are moving towards capitalism, they are pure nonsense.

As regards its social nature, the convergence theory is a bourgeois theory even though it attempts to rise above both capitalism and socialism, advocating a species of "integral" economic system. The point is that the theorists of convergence see the "synthesis" of capitalism and socialism as taking place on a capitalist basis, that is, on the basis of private ownership of the means of production. Typical in this respect are the views of Buckingham, who believes that

> three of the four foundations of capitalism...seem likely to be carried over from pure capitalism and incorporated into the newly emerging economic system. First, private property in capital plant and equipment . . . Second, economic incentives and profit motivation . . . Third, the market system is everywhere reasserting itself as the principal mechanism for controlling the allocation of goods and services.

For the sake of balance Buckingham does, admittedly, name the three features which the future "integral" economic system is to borrow from socialism, namely, growing equality, workers' control over working conditions, and economic planning. Clearly this list omits the most important feature: public ownership of means of production. "Integration" and"Synthesis"are thus essentially a smokescreen thrown up to conceal the intended absorption of socialism by capitalism.

### *Idealist Ambivalence*

The fundamental methodological error of the "synthesis" conception is its idealist, wishful thinking approach to the long-term economic development of society. The proponents of the convergence theory reason as follows: modern capitalism has certain shortcomings but it also has certain merits; socialism, too, has its merits and drawbacks; clearly people will understand this and, having done so, will synthesize the merits of both economic systems, remove their shortcomings, and create an "optimum" economic and social system.

Actually, however, the economic development of society is not a matter of free choice or free will, it is governed by objective economic laws. On the one hand the operation of economic laws of capitalism leads to the shaping, within the framework of the capitalist mode of production, of the material and organizational prerequisites of the transition to socialism, and, on the other, to exacerbation of the contradiction between the social nature of production and the capitalist form of appropriation, a contradiction that can be solved only by a revolutionary transition from capitalism to socialism. As regards the social system, the economic laws operating within its framework determine a gradual growing over of socialism into communism. Thus, the future belongs not to any visionary mixed-type economic system but to socialism and communism.

Although essentially bourgeois, the convergence theory differs from primitive bourgeois apologetics regarding the permanence of capitalism. Its proponents no longer proclaim boldly that the future belongs to an "integral" economic system, a synthesis of capitalism and socialism. This is noteworthy. The convergence theory is intrinsically ambivalent. On the one hand, it is a refined attempt to justify capitalism, since it makes capitalism the basis of its "integral" economic system; on the other, it is a forced admission of the strength and viability of the socialist system and a *de facto* rejection of the idea that capitalist system in its "pure form" is immutable and eternal.

### *Basis of East-West Detente ?*

It is no accident, therefore, that the convergence theory has caught on among various groups of intellectuals in the West. Some of them associate convergence with the principle of peaceful coexistence between the capitalist and socialist countries. Thus, Tinbergen assumes that the most likely cause of a future general war is contradictory views held by the Western and the Communist worlds regarding the best socio-economic system. He draws the conclusion that convergence of two systems points the way to their coexistence.

A positive element of the convergence theory is that it recognizes the principle of coexistence between the two systems. We cannot agree, however, with the main line of argument of its proponents, namely, that peaceful coexistence is bound to imply convergence. The attempts to get convergence of the two systems accepted as the main condition and basis of peaceful coexistence should be flatly rejected.

Quite apart from the fact that conflict and wars occur within the framework of the capitalist system itself, the advocates of convergence have adopted a fundamentally false approach to the problem of peaceful coexistence. Theory and practice have proved that such coexistence is possible and that it is essential if mankind is to survive. Yet the way this problem is treated by Tinbergen and Sorokin, whatever their personal attitude towards peaceful coexistence, gives every advocate of the cold war and anti-communism grounds to declare that since there is no convergence of the two systems, it is idle to count on their peaceful coexistence.

The Marxist-Leninist approach to the problem of peaceful coexistence of the two systems is entirely different: it admits that socialism and capitalism are opposite, regards the coexistence of states with different social systems as a form of class struggle, and at the same time recognizes that peaceful relations between socialist and capitalist countries are possible and necessary.

V A GAITONDE

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# *Secondary School Teachers*

IN recent years there has been a hue and cry about the declining efficiency of the teaching profession to which is attributed, not infrequently, the failure of the educational system. Apparently content with sweeping generalizations on the 'quality' aspect, educationists proceeded, strangely enough, to study problems of static syllabi, text books and examinations, deliberately precluding the 'ability' factor from the range of discussion. Proficiency of teachers is determined by a multiplicity of factors of which their living conditions constitute the most crucial. They are forced to put up with a low socio-economic standing and any improvement in the field of education will be meaningless unless there is an intensive and continuous effort to raise their economic, social and professional status.

Almost all inquiries into the field of education, in particular the Education Commission under the chairmanship of D S Kothari,[1] expressed concern about the teachers' unhappy situation. The Commission pleaded for adequate remuneration, opportunities for professional advancement and favourable conditions of work. The Commission has given a detailed account of the inhuman treatment meted out to teachers by both governmental and non-governmental agencies in the form of low wages, job insecurity and other socio-economic hardships.

No serious attempt was made to study comprehensively teachers' salaries, qualifications, experience, tenure of service and work load. Attention was confined to such aspects as distribution of trained and untrained staff or science teachers' qualifications.[2] A possible exception was a study, undertaken by the Survey Unit of the National Council of Educational Research and Training (NCERT), called "Intensive Study of Blocks'.[3] But even this analysis was limited to the development of education in four blocks; teachers and their socio-economic position received only a passing reference in the report.

## *Sample Survey*

More recently the NCERT conducted a comprehensive sample survey[4] of secondary school teachers in order to identify decision-making priorities for educational planners and administrators. It collected data, among other things, on the socio-economic background of teachers and their service conditions. All states and union territories were covered so as to make it representative of the country as a whole. In selecting samples, adequate weightage was given to variables such as sex, management (government, local body, private-aided, unaided) school type (boys', girls', coeducational) and region (rural, urban). The study tried to highlight factors like education and occupation of the parents of secondary school teachers, their total average annual income and liabilities, and facilities for professional growth coupled with deployment of potential.

The total number of schools covered was 377. Of these 115 (30.5 per cent) were boys' schools, 97 (25.7 per cent) for girls and the rest coeducational. Eighty-six(22 per cent) are located in the cities, 172 (45.6 per cent)in the towns and 119(32.4 per cent)in the villages. It may be recalled that, according to the Second All India Educational Survey[5], 60.6 per cent of the secondary schools are located in rural areas, the ratio between rural and urban teachers being 9:5. More than half of the sample population teach in private aided schools, two-fifths in government schools and 8 per cent in schools run by local bodies. The remaining two per cent are on the staff of private unaided schools.

In a class-ridden society like India's, educational attainment and occupation of the parents decide the socio-economic position of a given strata. This factor was therefore specially gone into. Table I shows the distribution of teachers according to educational qualification and occupation of their fathers.

## *Last Generation*

Around 17.84 per cent of the fathers of teachers in the sample are unable to read or write. Literates below matriculation level constitute 38.87 per cent. Those who completed matriculation or higher secondary education form 22 per cent of the fathers. University graduates and post-graduates are a very small minority. Occupationwise, the analysis shows that they are principally engaged in agriculture (27.26 per cent). Then comes subordinate services followed by the professions . Areawise, 28.79 per cent of the fathers in rural areas are illiterate and not surprisingly, agriculture is their main occupation. In urban areas, the teachers' fathers have a higher literacy level and are engaged mostly in subordinate services followed by agriculture.

Secondary school teachers have again been grouped according to the educational qualification and occupation of their mothers. Survey results show that illiterate mothers constitute 49.81 per cent in the observed sample. In the countryside it is 60.3 per cent while in the towns the percentage is a little over 47 per cent. It has also come out that rural mothers having no occupation are around 90 per cent while 81 per cent of the urban mothers stay at home doing only the domestic chores.

## TABLE I

### Distribution of Teachers According to Educational Qualification and Occupation of Their Fathers

| QUALIFICATIONS | OCCUPATIONS | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Nil | Agricul-turc | Busi-ness | Subordi-nate Service | Profes-sional | Admini-strative Service | Skilled Labour | Unskil-led Labour | Others | Total |
| Illiterate | 89 | 580 | 218 | 63 | 9 | — | 49 | 25 | 60 | 1093 |
| | (41.59) | (34.79) | (21.89) | (4.71) | (0.81) | (0.00) | (34.03) | (64.10) | (21.05) | (17.84) |
| Literate but below Matriculation/Higher Secondary | 3 | 903 | 498 | 394 | 248 | 16 | 67 | 10 | 162 | 2381 |
| | (33.78) | (54.17) | (50.00) | (29.45) | (22.28) | (7.65) | (46.53) | (25.64) | (56.84) | (38.87) |
| Matriculation/Higher Secondary | 35 | 155 | 202 | 547 | 301 | 77 | 9 | 4 | 43 | 1375 |
| | (16.35) | (9.30) | (20.28) | (40.88) | (27.04) | (36.84) | (6.25) | (10.26) | (15.09) | (22.42) |
| Intermediate or equivalent | 3 | 7 | 27 | 126 | 87 | 28 | 1 | — | 4 | 283 |
| | (1.40) | (0.42) | (2.71) | (9.42) | (7.82) | (13.40) | (0.69) | (0.00) | (1.40) | (4.62) |
| Graduate | 3 | 18 | 42 | 176 | 234 | 66 | 16 | — | 7 | 562 |
| | (1.40) | (1.08) | (4.22) | (13.15) | (21.02) | (31.58) | (11.11) | (0.00) | (2·46) | (9.18) |
| Postgraduate | 1 | 3 | 5 | 20 | 182 | 21 | — | — | — | 232 |
| | (0.47) | (0.18) | (0.50) | (1.49) | (16.35) | (10.05) | (0.00) | (0.00) | (0.00) | (3.79) |
| Others | — | 1 | 4 | 12 | 52 | 1 | 2 | — | 9 | 81 |
| | (0.00) | (0.06) | (0.40) | (0.90) | (4.67) | (0.48) | (1.39) | (0.00) | (3.16) | (1.32) |
| Total | 214 | 1667 | 996 | 1338 | 1113 | 209 | 144 | 39 | 285 | 6005 |

NOTE: Figures in lower brackets are percentages of the cell values with respect to column totals.

## *What Teachers Earn*

An attempt was made to calculate income from various sources to enable comparison under different managements and types of secondary schools. The wide variations in salary structure have made inter-state salary comparison rather difficult. An analysis of salary structure under different managements was done by the Education Commission, 1964-65, which compared the salaries with the cost of living indices (from 1955 to 1965).[6] It expressed the opinion that the salary structure was outmoded and inadequate to cope up with the rising cost of living. The Commission proposed new scales of pay and pleaded for uniformity in the scales.

But most of the recommendations still remain on paper. As John Vaizey stated, "More fundamentally educational prices shift in a way not necessarily with wages and salaries in general. The most obvious case is

TABLE II

MAXIMA OF TEACHERS' PAY SCALES

| Maximum limits in pay | Teachers in the maxima of pay scales | | | | |
|---|---|---|---|---|---|
| | Govern-ment | Local body | Private aided | Private unaided | Total |
| | 1 | 2 | 3 | 4 | 5 |
| 150 | 150 | 171 | 590 | 13 | 924 |
| | (6.04) | (36.31) | (21.73) | (20.63) | (16.12) |
| 151-200 | 204 | 31 | 308 | 4 | 547 |
| | (8.22) | (6.58) | (11.34) | (6.35) | (9.54) |
| 201-250 | 351 | 127 | 539 | 19 | 1036 |
| | (14.11) | (26.96) | (19.85) | (30.16) | (18.08) |
| 251-300 | 395 | 38 | 318 | 6 | 759 |
| | (15.91) | (8.09) | (11.71) | (9.52) | (13.29) |
| 301-350 | 225 | 28 | 228 | 3 | 484 |
| | (9.07) | (5.94) | (8.40) | (4.76) | (8.95) |
| 351-400 | 270 | 8 | 171 | 6 | 455 |
| | (10.88) | (1.70) | (6.30) | (9.52) | (7.99) |
| 401-450 | 207 | 51 | 123 | 5 | 386 |
| | (8.39) | (10.83) | (4.53) | (7.94) | (6.74) |
| 451-500 | 373 | 3 | 294 | 7 | 677 |
| | (15.03) | (0.69) | (10.83) | (11.11) | (11.81) |
| 501-550 | 224 | 11 | 108 | — | 343 |
| | (9.02) | (2.39) | (3.98) | — | (5.98) |
| Above 550 | 83 | 3 | 36 | — | 122 |
| | (3.34) | (0.69) | (1.33) | — | (2.13) |
| Total | 2482 | 471 | 2715 | 63 | 5731 |

NOTE: Figures in brackets are percentages of corresponding column totals.

teachers' salaries which may go in a direction opposite to prices in general."[7] Salaries of teachers (belonging to all categories) did go in the opposite direction. The general drag in the salary structure is often attributed to organizational weakness.

Table II shows intermanagemental differences in the pay scales of secondary school teachers. Because of the discrepancies in different states the minima-maxima levels of pay were chosen for interstate analogy. The table shows that the top pay level of the majority of government teachers (65.4 per cent) does not exceed Rs 350 per month. In the case of local body, private aided, and unaided schools the percentages of teachers who come below this limit are 84, 73 and 71 respectively. 36.31 per cent of local-body-run secondary schools pay teachers a maximum monthly rate of Rs 150 only. A majority of teachers in private unaided schools receive less than Rs 250 per month. There is no teacher working in a private unaided school whose maximum pay scale exceeds Rs 500.

## *Income Disparity*

Table III gives the average annual income of teachers under different managements in urban and rural areas. The combined table shows that the average annual income of secondary school teachers is only Rs. 3573. Teachers in private unaided schools have the lowest average annual income at Rs 2850.5. The best paid are those in government schools at an average of Rs 4117.6.

Inter-regional differences (rural, urban) in income have been especially noticeable. There is a glaring disparity between town and country in this respect. Income is the highest for urban government teachers who make an average of Rs 4117. Rural private unaided school teachers' annual average income is Rs 3679.1. The lowest income group is found in the private unaided secondary schools in urban areas, the average working out to Rs 2463.80 per year.

Regional and managementwise analyses show that urban teachers- (barring private unaided schools) are in a better position than their rural counterparts under all managements and types. As mentioned before, very few states have implemented the salary structure recommended by the Education Commission.

Table IV clearly brings out the interstate differences. From the table it is seen that Nagaland with an annual income of Rs 4563 is the highest in the list, the lowest being Andhra Pradesh with only Rs 2754.4. Among union territories, Delhi has an average annual income of Rs 5022.8 followed by Chandigarh; Pondichery has the lowest minimum average among union territories.

## *Ownership of Immovables*

Data has also been collected on the possession of immovable property like land, houses and so on. Out of a total sample size of 6120, only 1804 (34 per cent) responded affirmatively to having possession of

## TABLE III

### TEACHERS' ANNUAL INCOME (IN RUPEES)

| Category | RURAL | | | | | URBAN | | | | | TOTAL | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Management | Govt. | LP | PA | PUA | Total | Govt. | LB | PA | PUA | Total | Govt. | LB | PA | PUA | Total |
| Annual Income | | | | | | | | | | | | | | | |
| Up to 1000 | — | — | 7 | — | 7 | 2 | — | 16 | 5 | 23 | 2 | — | 23 | 5 | 30 |
| 1001—1500 | 1 | 1 | 8 | 1 | 10 | 3 | 8 | 59 | 17 | 87 | 4 | 9 | 67 | 17 | 97 |
| 1501—2000 | 8 | 46 | 50 | 1 | 105 | 21 | 16 | 109 | 9 | 155 | 29 | 62 | 159 | 10 | 260 |
| 2001—2500 | 38 | 49 | 85 | 6 | 178 | 86 | 24 | 287 | 12 | 409 | 124 | 73 | 372 | 18 | 587 |
| 2501—3000 | 122 | 42 | 137 | 6 | 307 | 198 | 57 | 543 | 9 | 807 | 320 | 99 | 680 | 15 | 1114 |
| 3001—3500 | 92 | 18 | 103 | 4 | 217 | 186 | 55 | 354 | 6 | 601 | 278 | 73 | 457 | 10 | 818 |
| 3501—4000 | 54 | 10 | 107 | 4 | 175 | 287 | 54 | 442 | 9 | 792 | 341 | 64 | 549 | 13 | 967 |
| 4001—4500 | 51 | 1 | 54 | 4 | 110 | 242 | 38 | 203 | 2 | 485 | 293 | 39 | 257 | 6 | 595 |
| 4501—5000 | 35 | 1 | 33 | 1 | 70 | 298 | 24 | 159 | 2 | 483 | 333 | 25 | 192 | 3 | 553 |
| Above 5000 | 37 | — | 31 | 9 | 71 | 733 | 48 | 212 | 4 | 997 | 770 | 48 | 243 | 13 | 1074 |
| Total | 438 | 168 | 615 | 35 | 1256 | 2056 | 324 | 2324 | 75 | 4839 | 2491 | 492 | 2999 | 110 | 6095 |
| Arithmetic Mean | 3459.4 | 2545.2 | 3180.6 | 3679.1 | 3194.8 | 4188.0 | 3573.0 | 3337.1 | 2463.8 | 3737.6 | 4117.6 | 3191.6 | 3305.0 | 2850.5 | 3620.3 |
| Median | 3272.2 | 2378.1 | 3100.1 | 3563.0 | 3048.9 | 4505.5 | 3519.0 | 3251.9 | 2227.1 | 3713.6 | 4254.8 | 3021.0 | 3217.1 | 2667.2 | 3573 |

## TABLE IV

### Statewise Annual Income of Teachers (In Rs)

| | State/Union Territory | Average Annual Income |
|---|---|---|
| 1 | Andhra Pradesh | 2752.20 |
| 2 | Assam | 3340.02 |
| 3 | Bihar | 3031.14 |
| 4 | Gujarat | 2959.89 |
| 5 | Haryana | 3632.26 |
| 6 | Jammu & Kashmir | 3329.12 |
| 7 | Kerala | 3275.58 |
| 8 | Madhya Pradesh | 3774.89 |
| 9 | Maharashtra | 3512.61 |
| 10 | Mysore | 3550.83 |
| 11 | Nagaland | 4563.00 |
| 12 | Orissa | 3059.84 |
| 13 | Punjab | 4506.40 |
| 14 | Rajasthan | 3218.50 |
| 15 | Tamil Nadu | 3104.90 |
| 16 | Uttar Pradesh | 3258.42 |
| 17 | West Bengal | 3899.92 |
| 18 | Chandigarh | 4651.89 |
| 19 | Dadra & Nagar Haveli | 3212.04 |
| 20 | Delhi | 5022.79 |
| 21 | Goa, Daman & Diu | 3417.17 |
| 22 | Himachal Pradesh | 3571.93 |
| 23 | Manipur | 3481.27 |
| 24 | N. E. F. A | 4517.17 |
| 25 | Pondicherry | 3117.59 |
| 26 | Tripura | 4262.44 |

property in one form or the other. Regionwise analysis shows that the tilt is in favour of urban secondary school teachers.

In town and country, the majority of teachers (55 per cent) possessing immovable assets work in private aided schools. Next place goes to teachers in government schools. Table V reveals that around 70 per cent of the teachers having property are below the average annual income level of Rs 4000. Houses alone account for 75 per cent of the total value of immovable assets.

It is clear that immovable property does not make much difference to the total average annual income. Sexwise distribution reveals that women teachers in this category of propertyholders is only 12.3 per cent.

There is a close relationship between possession of immovable property and the occupation of the teachers' parents. The property is mainly

TABLE V

DISTRIBUTION OF TEACHERS HAVING IMMOVABLE PROPERTY ACCORDING TO ANNUAL INCOME

| Annual Income | Rural | Urban | Total |
|---|---|---|---|
| Up to 1000 | — | 5 | 5 |
| 1001 — 1500 | 3 | 19 | 22 |
| 1501 — 2000 | 44 | 39 | 83 |
| 2001 — 2500 | 73 | 111 | 184 |
| 2501 — 3000 | 121 | 215 | 336 |
| 3001 — 3500 | 92 | 177 | 269 |
| 3501 — 4000 | 65 | 271 | 336 |
| 4001 — 4500 | 49 | 182 | 231 |
| Above 4500 | 86 | 252 | 338 |
| Total | 533 | 1271 | 1804 |

acquired through inheritance in 70.5 per cent of the cases, self-earned propertyholders being only one-fifth of the group. The market value of immovables owned by more than 75 per cent of propertied teachers does not exceed Rs 10000. Only 35.6 per cent of the teachers in the sample have their own houses while 52.5 per cent of them live in rented accommodation. More of the teachers owning houses live in the rural areas. Both in rural and urban regions the main occupation of fathers of men teachers owning immovable property is agriculture followed by business. 50.35 per cent of fathers of women teachers having property are in the subordinate services.

### *Deep in Debt*

The survey revealed that 45 per cent of the sample are in perpetual debt. (Table VI).

TABLE VI

DISTRIBUTION OF TEACHERS UNDER DEBT ACCORDING TO PURPOSE

| Purpose | Number of teachers | Percentage of total number under debt |
|---|---|---|
| Education of children | 867 | 29.31 |
| Marriage | 674 | 22.72 |
| Medical treatment | 782 | 26.02 |
| Purchase of property | 552 | 18.70 |
| Social and religious commitments | 104 | 3.24 |

The incidence of debt is heavier on men teachers than on women. Married men bear the brunt of it. Ninety-five per cent of the teachers ran into debt after taking up their jobs. Purposewise analysis points to the fact that the largest number (29.31 per cent) incurred debts for financing the education of their children. Twenty-four per cent in this group spent 20 per cent of their income, and another 42 per cent spent 10 per cent of their total income on children's education.

The second main purpose for which loans were taken was medical expenses. A quarter of the total married teachers borrowed money to marry off their daughters. Only 7.2 per cent of unmarried teachers sought loans for the marriage of relatives. Social and religious commitments accounted for only 3.24 per cent of the debts.

From the above analysis it is clear that secondary school teachers suffer from acute socio-economic disabilities[8], finding it hard to make both ends meet. The variations in their income is mainly due to lack of uniformity in the salary structure depending on management, state and region. Earnings other than salaries constitute a minor part of their total income. The pay scales are outmoded and inadequate. A good number of teachers are in debt, mostly incurred after entering the profession.

*(The author wishes to express his gratitude to Professor R G Mishra of the Educational Survey Unit, National Council of Educational Research and Training, for making available the data used in this note).*

P MOHANAN PILLAI

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[1] *Report of the Education Commission,* Ministry of Education, Government of India.

[2] *Second All India Educational Survey,* NCERT, New Delhi 1967.

[3] *Intensive Study of Blocks,* Educational Survey Unit, NCERT, New Delhi.

[4] *Secondary School Teachers,* Educational Survey Unit, NCERT.

[5] *Second All India Educational Survey, op. cit.*

[6] John Vaizey, *Economics of Education,* p 33.

[7] *Report of the Education Commission, op. cit.*

[8] See *Year Book of Education,* Evans Brothers, London.

# *REPORT*

## *Economic Crisis in India and the Fifth Five Year Plan*

*Full text of the statement containing the conclusions of the Third All India Conference of the Indian School of Social Sciences held in Bombay between November 16 and 19, 1974, is given below.*

CRISIS is inherent in the capitalist system. Often identified with steeply decelerated or depressed activities, it appears as part of secular, short-term and seasonal fluctuations in the capitalist economy. Dwindling growth rates, recurring recession, rising unemployment, galloping inflation, falling real wages and unstable currencies are some of the recent manifestations of the deepening economic crisis of the world capitalist system. As former colonies and dependencies still tied to the imperialist countries through trade and 'aid', the 'developing countries' are precariously exposed to the instabilities of the 'developed' capitalist world. Deteriorating external values of currencies and unfavourable prices of scarce raw materials and capital goods are some of the ways in which the crisis in the advanced capitalist countries is transmitted to the developing economies. Indian economy has been vulnerably open to some of these external influences though it is obvious that the current crisis stems largely from the unique colonial heritage and internal contradictions.

Indian economy was in the grip of stagnation for more than four decades preceding independence. The rate of accumulation was so low that the national income growth was hardly adequate to neutralize the population increase. Though the colonial heritage of a lopsided enclave-type development had somewhat restricted the Indian economy since independence, the per capita real income grew at the rate of about 1.9 per cent per annum in the first decade of planning. Even this modest growth rate could not be sustained on account of the cramping influence of the remnants of feudal and semi-feudal relations in land, the growth of monopoly and concentration of economic power in industry and urban property. The expansion of the public sector has only helped these tendencies. The slowdown in the growth rate is largely attributable to the contradictions and constraints in property relations both in land and industry that have developed since independence. It is this systemic disability which has placed impediments in the path of capitalist development especially after the Third Plan.

Independence opened up possibilites of development of the immense natural resources with the vast manpower available. But results have been too insignificant in relation to the enormous potential. Under the protecting and stimulating role of the state, limited success was recorded in the development of the economy along capitalist lines in the first 10 or 15 years of planning, though the gap between plan and performance has been increasing over the years. The subsequent trend has been one of chronic depression. All efforts to lift the economy out of stagnation are getting frustrated. This restricted manoeuvrability is symptomatic of the worsening crisis. For instance, the inflationary price spiral of the last two years was sought to be tackled by curtailing money supply and scaling down public expenditure. This measure, in turn, has led to an all-round reduction in the investment outlay in real terms in all interdependent industries, with the consequences of increasing unemployment, falling income and shrinking consumer demand. Thus, the attempt to solve the problem of inflation has led the economy to a graver problem of stagnation.

## *Anatomy of the Crisis*

The crisis is manifesting itself in the forms of stagnation, rising prices, increasing unemployment and aggravation of the distortions in income distribution. For instance, the annual growth rate of real per capita income during the first decade of planning was 1.9 per cent. The corresponding rate for the following decade dropped to 1.3 per cent. It further deteriorated to 1.1 per cent in 1971-72. As for the price level, it increased at the annual rate of 1.1 per cent during the first decade of planning whereas the corresponding increase during the subsequent decade was 6.1 per cent. Since then prices have been shooting up, the annual rate being 10 per cent during 1972-73 and more than 20 per cent during 1973-74. As for employment, contrary to all expectations of the plans, more than 20 million of the labour force remain unemployed today. The number of educated unemployed registered with Employment Exchanges increased from 5.9 lakhs in 1961 to 32.9 lakhs in 1972. As for the total number of job-seekers through Employment Exchanges, the corresponding figures are 11.3 lakhs and 69.0 lakhs.

The average growth of agricultural production has been around 3.2 per cent in the first two plans. The corresponding rate in the following 13 years was only 1.5 per cent despite all claims of breakthrough in agriculture as a result of the so called green revolution. Per capita availability of foodgrains has also declined. The record of the past two years is particularly distressing: there has been actual reduction in agricultural output (1.8 and 5.3 per cent respectively during 1971-72 and 1972-73). In industry too, it is more or less the same story. In the first 15 years of planning, the average annual increase of production was about 8.0 per cent whereas the corresponding rate for 1965-73 was only about 3.0 per cent. The rate of growth was not more than one per cent during the last six months. It must also be noted that in recent years the relative growth rate of essential consumer goods was much lower than that of luxury goods. Thus, we find that there has been an all-round decline in production, almost nearing a point of total stagnation. What is more distressing is that such abysmally low rates of growth were recorded despite various "crash programmes" to stimulate agricultural production and addition to capital creation.

## *Growing Inequality*

Stagnation is also accompanied by increasing inequalities in income and wealth. In the absence of data on income distribution, it is not possible to show in definite terms the extent of increase in favour of the higher income strata during the inflationary situation. One study, however, shows that the share of the bottom two deciles for the rural areas has fallen from 5.9 per cent in 1962 to 4.8 per cent in 1968, whereas the share of the top two deciles has gone up from 48.0 per cent to 53.0 per cent during the corresponding years. It should, however, be borne in mind that this widening gap between the top and bottom classes was noticed over a period which was not characterized by the type of galloping inflation witnessed during the last two years.

The severity of the effect of inflation can more clearly be seen in the light of differential price intensity adversely affecting the masses of poor. For example, the cost of living index for the bottom decile of the rural population has gone up to 350 in 1973-74 (with 1952-53 as the base year) whereas the index was less by 52 points for the top 10 per cent. The picture was still worse in the case of the urban population: the index moved up to 384 for the bottom decile class as compared to 290 for the top ten per cent, a difference of 84 points.

It is also interesting to note from official figures that between 1959 and 1966, while the ex-factory value of the output increased by 168 per cent, employment in absolute terms increased only by 37 per cent. While the value of output per person increased by 95 per cent, wages, salaries and other benefits per person increased only by 65 per cent. Surplus value appropriated by a minority group of property owners increased from 42.3 per cent of the value added in 1959 to 45.5 per cent in 1966.

It, therefore, follows that inflation has ushered in a type of income distribution which has favoured those, like traders, producers and their associates whose collaboration with the system is direct. Landless agricultural labourers and rural artisans, the very small cultivators and tenants, the tribals and scheduled castes; large number of urban labour, casual and unorganized workers in particular, and salaried middle income earners are among the vulnerable sections who suffered a relative setback.

## *Regional Imbalances*

A measure of the growing inter-regional imbalances is the difference in the per capita income in the richest and the poorest states in

India. At the beginning of the First Plan the difference in per capita income between West Bengal (richest) and Bihar (poorest) was in the ratio of 2:1. Currently, the differential ratio between the richest (Punjab) and the poorest (Bihar) is 3:1. To an extent, the regional imbalances in India is attributable to the lopsided development of the Indian economy under the British rule. The layout of the railways and the resulting concentration of investment in the three cities of Calcutta, Bombay and Madras partly accounts for the imbalances in the country. Even public investment in irrigation was largely concentrated in the Punjab, western UP and old Madras. The externalities created by these infrastructural facilities had led to further concentration in trade and commerce in these metropolitan centres.

Balanced regional development is one of the declared objectives of planning in India. But as noted earlier, 25 years of planning has only resulted in the aggravation of regional imbalances, though there has been some slight change in the relative position of the states. One of the important factors responsible for the regional disparities is the concentration of financial powers with the Government of India. Over the period of the plans, the states have depended to the extent of about two-thirds of their total financial requirements (plan as well as non-plan) on the Central Government. In fact, the dependence has increased over the planning period and the states are heavily indebted to the Government. of India. In the case of some states current borrowing from the Centre is nearly equal to the repayment obligation. Generally inflationary pressure, resulting in small measure from careless fiscal and monetary management by the Centre, has led to inordinate increase in the cost of public investment at the state level. Increases in wages and salaries initiated by the Central Government also has repercussions on the finances of the states. In the context of the current inflation, the expenditure squeeze resorted to by the Centre has made serious inroads into the resources at the disposal of the states. This has led to drastic scaling down of investment on such items as irrigation, electricity and public works with adverse effects on the rest of the economy.

## *Gaps Widen*

It has been noticed that those states which were relatively poor before independence have continued to be at a disadvantage in developing their respective economies under the various plans. States which had a relatively developed economic base have enjoyed considerable buoyancy in resource mobilization as compared to the poorer states. The development of the richer states has been further accentuated by the concentration of both private and public investment within their borders. Even the resources that have accrued through banks and other financial institutions have been largely channelled into the developed states. The command over more resources, by virtue of relative affluence, has enabled the richest states to secure larger plan finances from the Central Government. It is these factors which have broadly led to the growing imbalances among the states.

It should also be borne in mind that even within the developed states there have been large tribal belts and other backward areas subjected to continuous neglect over the last 27 years of independence. Some of the tribes are losing their means of livelihood apart from their cultural identities. In some areas people from developed sub-regions have exploited the resources of the backward tracts to the disadvantage of the indigenous population. Such developments have aggravated the imbalances between the regions and tracts even within the boundaries of states.

## *Post-independence Development*

Colonial heritage, lopsided development, foreign capital and unequal trade relations continued to exert a constraining influence on the Indian economic system even after independence. With the transfer of power to the landlords and bourgeoisie among whom monopoly houses constituted the leading element, some measures were initiated to eliminate intermediary relations in land. They met with resistance from the landed interests: the bourgeoisie struck a compromise as a result of which the remanants of feudal and semi-feudal relations continued to restrict agricultural development. By and large, the economic system that emerged after independence left lucrative centres of profit in private hands. Consequently, there was inherent contradiction between the owners of the means of production and those who worked for them. This antogonist relationship acted as overall constraint on the operation of the economic system. At independence, India was far more industralized than many other underdeveloped countries; the Indian bourgeoisie was stronger, more developed and more mature. The big bourgeoisie which was prepared to use the state apparatus to promote and stimulate capitalist development formulated the earlier Bombay Plan, holding even public investment as a necessary mechanism for its realization. Independence at last gave them the opportunity to pursue this goal.

In the scheme of things the public sector was assigned an important role. Firstly, massive investments on infrastructure facilities, required for the development of private investment in industry and agriculture, were made. Secondly, the public sector was to act as a protector, promoter, pioneer and underwriter in industrial development. As a rule, basic strategic and heavy industries involving huge investments, long gestation periods as well as high uncertainties and risks were assigned to the public sector. In this role, the public sector was expected to supplement, nourish and nurture private initiative and enterprise.

In relatively risky areas where the big bourgeoisie did not wish to invest directly, state investment was undertaken to plug gaps in the industrial structure. This investment, in turn, resulted directly and indirectly in an expansion of demand for a whole range of industrial products which allowed private capital to expand operations. Though the Industrial Policy Resolutions of 1948 and 1956 had ostensibly reserved certain areas for the public sector even within the terms of the Resolutions, enough flexibility had been introduced to permit private capital to operate where it liked. In practice, this in fact is what happened. The division of spheres between the public and private sectors followed mainly the lines which suited the interests of private capital.

The state not only undertook the risky investment and expanded the markets for private capital in certain directions, it also provided the necessary funds to big business through a whole set of newly-created financial institutions to expand its activities. Thus weaknesses in the capital market which might have hampered the big bourgeoisie's ability to take advantage of the newly-created opportunities were removed through the active intervention of the state. Under these circumstances and also owing to the grant of large-scale protection from foreign competition, especially after the foreign exchange crisis of the mid-fifties, industrial growth in India accelerated, reaching a level which was quite respectable by the standards of capitalist countries.

### *Class Alliances Hinder Resource Mobilization*

This growth, however, contained basic contradictions. For its political dominance, the big bourgeoisie had necessarily to ally itself with the class of landlords. Consequently, any radical agrarian reforms could not be carried out; quite apart from the question of implementation, even the land reform legislation fell far short of what was proclaimed by the Congress Party before independence. What was implemented was, of course, far short of what was legislated. The net effect of land reforms was not a redistribution of land to the rural poor, but simply a change in the composition perhaps of the rural rich. While the princely states were taken over, attempts made to abolish the system of intermediaries and some rich peasants (erstwhile tenants) acquired ownership rights over land, the total amount of land owned by the top 10 to 15 per cent of the rural population was not by any means reduced. Furthermore, the so called tenancy reforms may have had the opposite effect of increasing the insecurity of tenure or the incidence of outright evictions. The absence of radical land reforms which might have resulted in land redistribution meant, on the one hand, that rural markets for industrial products designed for mass consumption were not widened. On the other hand, productive forces in the agrarian sphere remained inadequately developed. This alliance between the bourgeoisie and the landlords on which state power rested also implied that the ability to raise resources through mobilizing the surplus which accrues to these classes was severely curtailed. The tax base could not be widened to include agricultural incomes; together with the large-scale evasions of tax, this meant that resource mobilization at the expense of luxury consumption could not be carried out. Simultaneously, because of a policy of compromise and collaboration with foreign capital the surplus accruing to foreign capital was not appropriated for development. Dividend, interest and other payments continue to flow to foreign countries instead of being tapped for development. As the operations of foreign capital expanded, the volume of this flow of course increased several times and constituted a serious drain on resources. Thus from the very outset, the class character of the state, which was based on an alliance between the bourgeoisie and the landlords, together with the policy of compromise and collaboration with foreign capital, not only ruled out a broad-based industrial development catering to mass consumption, but also implied that resources could not be adequately mobilized even for a continuation of the narrow-based industrial development stimulated mainly by public investment and protection as well as luxury consumption.

## *Foreign Capital and Collaboration*

That this development nevertheless continued for some time was mainly a result of measures which, while successful in the short run only worsened the problem in the long run, constricting further the possibility of its continuation. Given the resource problem, plan outlays originated increasingly from two sources: deficit financing and foreign aid. Deficit financing, in the context of the arrested development of productive forces in agriculture, resulted in a drastic squeeze on the living standards of the bulk of the people—the rural poor, the industrial workers, and even the fixed-income middle-classes. This further perpetuated the narrowness of markets for mass consumption of industrial goods and made industrial growth even more exclusively dependent on state invesment and luxury consumption. The heavy reliance on foreign aid meant necessarily granting further concessions to private foreign capital. No doubt, aid from socialist countries was used as a bargaining counter to retain a certain measure of autonomy and independence vis-a-vis the imperialist countries, but the bulk of the aid was taken from the latter; correspondingly collaboration with private foreign capital increased. Besides, with no development of an indigenous technology (because of weak domestic resources and the prohibition of local research by foreign monopolies in command) and a pattern of industrialization oriented towards the production of luxury goods where Western tastes were taken as the norm, increasing collaboration with Western foreign capital was inevitable. Consequently the role of this capital, especially in the newly-developed industries like engineering and chemicals, became very significant.

As a result of the increased dependence on imperialist aid and private foreign capital, the resource problem in general and the foreign exchange problem in particular became even more accentuated. A vicious circle was set up: inadequate resources led to greater dependence on foreign aid and private foreign capital, which in turn further eroded the available resources. The net outflow on account of interest and amortization payments, dividends, royalties and technical fees as well as concealed leakages owing to excess capital imports, overvalued capital imports and overvalued maintenance imports kept mounting. At the same time the increasing compromise with private foreign capital was partly responsible for restricting the growth of export earnings. While the demand for India's traditional exports in the advanced capitalist countries of the West was not increasing, her ability to export the new industrial products freely was limited partly by the export restriction clauses stipulated by private foreign capital in collaboration agreements. Thus the foreign exchange situation worsened; even leaving aside concealed outflows, amortization and the so called investment, income payments alone used up around 30 per cent of the total export earnings in recent years. This led to even more borrowing and even greater reliance on private foreign capital. Thus, far from moving towards self-reliance, the economy sank deeper into the morass of perpetual and growing indebtedness and increasing compromises with foreign capital.

This was in sharp contrast to the aid coming from the Soviet Union and other socialist countries which was mainly directed towards the development of an industrial base in the public sector without an accompanying claim of equity ownership, and also to the Soviet practice of balancing trade accounts through bilateral arrangements. This aid could become an instrument for achieving self-reliance, although it should not be overlooked that such assistance, which improved the bargaining power of the Indian bourgeoisie vis-a-vis the Western countries and thereby enabled it to some extent to assert its independence, was utilized by the bourgeoisie for confusing the masses and for strengthening its class role in various other ways.

### *Massive Tax Evasion*

This increasing dependence on Western aid and extended collaboration with Western foreign capital, while proving clearly the fundamental weakness of the basis of capitalist development in India (which prevented the Indian bourgeoisie from acquiring a completely independent status) should not be taken to mean that the bourgeoisie became totally subservient to imperialism; it retained, and still retains, a considerable amount of autonomy and a considerable degree of manoeuvrability which makes such a characterization misleading.

The type of mixed economy attempted in India severely retarded mobilization of resources for development. The overall scheme of resource mobilization was based on the classical formulations of capital formation by curbing consumption. In the economy, as a whole, mobilization efforts implied increase in the share of profits (surplus) in relation to wages and salaries (subsistence). Naturally, the excessive use of this method has obvious limitations since workers and salaried employees would always resist cuts in their real wages.

Resort to indirect taxes aiming at curbing consumption as well as inflationary financing to transfer income from the consuming to profitearning classes constituted the main planks of fiscal policy pursued through the plans. At the same time the saving classes had to be propitiated through tax incentives and subsidies. Though inequalities in income have been rising, the rate of saving has continued to remain at a very low level. Apart from the inequitable character of such fiscal policies, there are political and other limits beyond which consumption cannot be curbed particularly in view of the low levels of living and possible adverse consequences for the ruling classes through the electoral process.

Tax evasion constitutes a serious leakage in the mobilizable resources in the Indian economic system. Large-scale tax evasion is made possible because of the collusion between the taxpayers on the one hand and tax administration and politicians on the other. This obviously is a constraint peculiar to the capitalist system. According to the Wanchoo Committee Report, the tax evaded is almost as large as the tax actually collected. This is done even in the case of excise and sales taxes. Evaded income is a major source of black money in India playing havoc with the operation of the economy. Besides, it reduces the volume of resources that could be mobilized. Resources leaked out in this process impose heavier burden on the honest taxpayers. The current economic crisis is largely the result of inadequate resource mobilization, which is attributable to massive tax evasion.

### *Black Money*

Certain sections which have the ability to pay have kept themselves out of the tax net through their strong influence on the apparatus of the state. Though the economic power and prosperity of landlords and rich peasants have grown enormously due to massive transfer of resources in their favour, they have successfully prevented the imposition of equitable burdens by way of agricultural income tax and so on. In this regard agriculture has become the haven for tax dodgers and black money holders in the urban sector.

The limited resources mobilized are particularly dissipated by way of undue increase in unproductive expenditures like defence, police and top-heavy administration. Grandiose office buildings and other paraphernalia constitute another serious drain. Thus, we find that inherent limitations of the mixed economy result in squeezing net savings available for productive investments. Besides, the irrationality in investment decisions, delays, inefficiency and corruption have considerably reduced the effectiveness of even the scarce resources at the disposal of the government.

Black money has had a crippling effect on the operation of the economy. First of all, black money assumes undesirable forms such as palatial houses, air-conditioned cinema houses, hotels, urban property, gold, precious metals and other unproductive forms of investment. Secondly,it generates high pressure demand for commodities of conspicuous consumption which attract considerable investible resources. This distortion in investment also undermines priorities and diverts resources away from the essential goods sector. It also dissipates considerable foreign exchange by way of smuggling of luxury goods, apart from what they can grab from normal channels of trade. Leakages in foreign exchange have amounted to anything between Rs 500 to 1000 crores per annum. Thirdly, pressure generated from black money encourages delinquent industrialists to expand unauthorized capacities in the luxury goods sector. Such clandestine expansion diverts scarce resources into non-priority sectors.

Fourthly, black money plays havoc on the economy through speculation and hoarding especially in essential goods. In fact, the existence of black money has largely nullified the monetary policy. It constitutes a parallel channel for the supply of money, perhaps at a slightly higher rate of interest. With the current shortages, hoarding and speculation yield fabulous profits which prompt the traders to resort to black money sources, and to create artificial scarcities, enabling unscrupulous traders and speculators to flout the monetary policy with impunity.

Finally, black money is the main source of corruption of the administrators and mainstay of the politicians. Black money has obviously played an important part in recent elections, thereby eating into the vitals of the very process which is supposed to safeguard the larger interests of the masses. Holders of black money have multiplied their ill-gotten wealth manifold by manipulating government policies in their favour. All these have exerted a powerful pressure on the inflationary situation and imposed enormous burdens on the people. While a great deal of discussion has gone on about black money including suggestion for "unearthing" it, a basic point about it has been misunderstood. "Black money" is not only a stock; this stock is constantly fed by a flow of "black income" arising either wholly from "black activities", or as undeclared incomes from "white activities". Suggestions like demonetization of higher currency notes which aim at unearthing this stock fail to tackle the question of black income; such incomes necessarily arise from the fact that a large number of activities are carried on outside the law to escape the network of taxes and controls in a "mixed" economy. Moreover it may be pointed out that a large amount of black money is converted into assets like gold, land and buildings which would remain uuaffected by any demonetization measure. As long as such an economy continues, black money will also persist.

## *CRISIS IN INDUSTRY*

The Indian economy has of late been suffering from a serious industrial crisis. After independence, with the state actively promoting capitalist development, there had been an acceleration in the tempo of industrial growth in India. The average annual compound growth rate of industrial output had exceeded 7 per cent between 1951 and 1965; attempts had been made to plug gaps in the industrial structure, which existed at independence, through the rapid development of a whole range of basic and capital goods industries. Of course even during this period of rapid industrial growth there had been a substantial buildup of unutilized industrial capacity and a growth of urban unemployment itself, both necessarily resulting from the very logic of pursuing the capitalist path of development under Indian conditions. But, of late, even the pace of industrial growth has slowed down markedly. Since 1965, the average industrial growth rate has fallen to a bare 3 per cent per annum. Within industry; the sector producing capital goods has even witnessed an absolute stagnation of output since 1965. Basic industries like iron and steel have shown a clear deceleration in growth rate as have intermediate goods industries; consumer goods industries excluding consumer durables have also experienced a relative stagnation; consumer durables no doubt have grown rapidly, but the pervasive slowdown of growth elsewhere has left its impact on the general industrial performance.

This downturn in growth has implied that unutilized industrial capacity, already very large before, has increased considerably in recent years. It has also implied a slowdown of the growth in industrial employment. Since urban unemployment was increasing even before the downturn, the unemployment situation in recent years has clearly become far more acute. In fact, the unemployment of skilled personnel, especially engineers, has become a serious problem. Thus the Indian industrial sector exhibits all the symptoms of a major crisis—a relative stagnation of output, a substantial increase in idle capacity (over and above the already large magnitude existing prior to the mid-sixties) especially in the capital goods industries and a sharp accentuation of the serious unemployment position of the mid-sixties, including the joblessness among skilled personnel.

### *No Passing Phase*

This crisis cannot be considered merely as a part of the periodic ups and downs which occur in capitalist production. It should not, in other words, be seen merely as a temporary phenomenon which inevitably will be followed by a new upsurge tomorrow. It has lasted now for almost a decade and shows no sign of abating. In fact during this period there have been ups and downs in industrial growth through which the overall relative stagnation has manifested itself. It is therefore a deeper phenomenon representing an altogether new situation. Similarly it cannot be attributed to certain accidental or external factors; it cannot, for example, be attributed merely to the recent power shortage, as it had emerged well before the shortage came into being. It is, on the contrary, a result of the maturing of certain basic contradictions underlying India's post-independence economic development. These very contradictions also underlie the accompanying agrarian crisis as well as the severe inflation of recent years. All these three aspects in fact form a connected whole and follow inevitably from the Indian capitalists' pursuit of a capitalist path allying themselves with landlords and compromising and collaborating increasingly with foreign capital at a time when world capitalism itself has already entered the third stage of crisis.

Pursuit of the capitalist path under these conditions has thus implied (a) that whatever growth did take place for a while failed to meet the crying needs of the people and involved huge losses of human and material resources, and (b) that this growth itself had to slow down owing to the limitations on capitalist development that these conditions imposed. It is because the crisis is a product of these objective limitations that the bourgeois-landlord state's attempts to overcome it through piecemeal measures have been so infructuous. Measures designed to tackle one aspect of the crisis have only worsened some other aspects of it without lessening its overall severity.

### *Distorted Development Pattern*

Thus industrial growth before the mid-sixties, though rapid, was based on a continuous and growing reliance on imperialist and private foreign capital and technology, it was accomplished by a drastic squeeze on the living standards of a majority of the people and hence a stagnation in the markets for mass-consumption industrial goods. This stagnation meant that industrial capacity remained unutilized in those sectors of industry which produce for mass consumption. Even in newly-established industries however, substantial unutilized capacity developed for several reasons.In an economy where there is "planning" without centralized decision making, the lack of coordination of decisions between different sectors would necessarily result in any case in the emergence of some unutilized industrial capacity. Besides given the system of licensing where foreign exchange allocation to private capitalists was dependent upon the industrial capacities at their command, there was necessarily a tendency for big business to set up excessive capacity deliberately so as to pre-empt exchange allocation to others. The substantial unutilized capacity which developed in the entire industrial sector—taking old and new industries together—was thus a reflection of the conditions and the inhibitions under which capitalist industrialization was being pursued in India.

Simultaneously, the orientation towards luxury goods and certain types of capital goods made the industrial structure more capital-(and technology—) intensive and restricted its potential to generate employment. Consequently despite a rapid pace of industrial growth, the problem of urban unemployment was left unresolved, and even accentuated.

Power shortage has hampered industrial production in many sectors. This power shortage is not.the result of any overall shortage of resources in the economy but of poor planning, poor management and poor coordination. Not only has long-term power planning been faulty; existing units supplying power have been inadequately maintained. Besides, bottlenecks have been created, for example, with regard to the distribution of coal to power generating units, owing to lack of coordination between the railways and coal mining authorities. The power situation only reveals more sharply the inherent contradictions of an economy like India where there is planning without centralized decision-making and the conflict which inevitably arises between plan formulation and plan implementation.

Consequently shortfalls and serious imbalances emerge which result in forced idleness of productive capacity over large areas of the economy.

As mentioned earlier, the public sector is assigned an important role in the Indian economy. In fact, its share in reproducible assets has increased from about 5 per cent at the beginning of the First Plan to 50 per cent at present. The public enterprises account for more than Rs 6000 crores of investment today. It was expected to generate some reinvestible surplus. However, this expectation has not been realized. One of the main reasons for this is that many of the public enterprises are in fact helping to promote the private sector. For instance, the generation cost of a unit of power is about 5 paise in Kerala where power is being sold to the Indian Aluminium unit at Alwaye at 2 paise per unit. In Uttar Pradesh the government is buying power from a neighbouring state at the rate of 8 paise per unit and selling it to Hindustan Aluminium at 2 paise per unit. Such instances can be multiplied. These losses are sustained at the cost of taxpayers. Pricing policy in a broad sense is still guided by the principle that public undertakings should operate on a no-profit-no-loss basis. Apart from this, wrong location of industries, elongation of the gestation period due to wrong planning and scheduling and mismanagement, wasteful use of resources and lack of commitment have led to high costs and low profits. Irrespective of these reasons, the meagre surplus has narrowed the possibility of expansion or reinvestment.

### *Expansion of Monopolies*

The above growth pattern was accompanied by an increase in the economic power concentration in the hands of the big bourgeoisie. To this last process, not only the discriminatory assistance provided by the specialized financial institutions, but also the very operation of the licensing policy (which permitted the cornering of licences by big monopoly houses to pre-empt competitors) contributed considerably.The actual concentration of economic power was much larger than what is revealed in official documents owing to the phenomenon of 'black money' or undeclared acquisition of assets.

Despite the professed objective of reducing the concentration of economic power, large industrial houses have recorded unprecedented growth both in absolute and relative terms over the plan period. For instance, the assets of Birlas which were no more than Rs 50 crores in 1952 are around Rs 1000 crores today. In the case of Tatas their assets have increased from Rs 95 crores in 1952 to a little less than Rs 1000 crores at present. Penetrating through all barriers of regulations and control the large industrial houses stood in the way of rapid industrial development by preempting capacities,non-utilization of licences, squeezing small and medium units dependent on them as buyers or sellers as well as by hampering small competitors. Sometimes they have also indulged in unauthorized expansion of highly profitable non-priority categories catering to the needs of the higher income groups. Such unauthorized expansion is subsequently regularized through manipulation and pressure. Monopolists and oligopolists in collusion with traders have often created artificial shortages of essential commodities such as soap and edible oils so as to secure higher margins at the expense of the consumers.

### *Small and Medium Industries*

Small-scale industries were expected to make significant contribution to the generation of employment and income, and meet to a large extent the demand for essential consumer goods.

Ostensibly, they were also supposed to loosen the grip of the monopoly houses over the industrial sector. With these objectives in view, the government provided a number of facilities and incentives. In reality, however, small-and medium-scale industries did not strike deep roots in the Indian economy. Some bogus units were floated to avail of the grants, loans and subsidies. In many cases, bigger industrial houses own some of these units under the cover of benami *(mala fide)* owners. In others, large monopoly houses control and exploit the small producers by exercising their monopoly power. In this environment small and medium industries are unable to contribute substantially to industrial development.

Many of the traditional handicrafts could not stand the competition of modern technology and organization. Some others languished for want of credit, raw materials and market. A few traditional handicrafts like coir and handloom have a hard struggle for survival despite heavy subsidies. In fact displacement of the self-employed in handicrafts has led to substantial increase in the number of unemployed in the rural as well as urban areas. Utilization of such surplus manpower has proved to be impossible in the market-oriented economy on account of individualistic organization and incentive system.

### *Recession or Stagnation?*

A hue and cry has been raised by the industrial lobby and their leading organs that the economy is heading for a serious recession. Recent decline in the prices of some of the commodities like textiles and cement is cited as evidence of a creeping recession. This assertion is to be carefully examined. First of all, price drops have been restricted to a few commodities : that, too, at the wholesale or black market level. In fact,prices of essential commodities such as soap, and vanaspati have gone up. Decline in foodgrain prices too is not an all India phenomenon : in some states they show an increase. In steel and cement, falling prices are mainly attributable to sharp scaling down of public investment in real terms especially on construction activities in industry, housing, roads and other public works. This is certainly a symptom of stagnation and deepening economic crisis. As for cotton textiles, the last two years witnessed an unprecedented quest for profit on the part of millowners resulting in 70 to 80 per cent increase in profit margins and prices had risen very sharply. In this process they have priced themselves out of a number of international markets.

Faced with higher prices on food items and squeezed by wage freeze and similar measures, the average consumers have been forced to curtail their demand of other essentials like cotton textiles. Such shrinkage in demand might have had an effect on the reduction of textile prices. Even at the present level millowners are in a position to earn fabulous profits. It may be that the overall effect of wage freeze, credit squeeze, anti-smuggling and dehoarding campaigns may have led to a temporary fall in the prices of a limited number of commodities. It is too easy to call it a recession. After all, the economy has stagnated for quite some time. At best, it can be the deepening of the economic crisis.

Finally, with the major world capitalist economies heading for a serious slump, Indian industrial sector has begun to be affected as well. The cotton textile industry, for example, has been hit this year by a decline in exports which is a manifestation of the emerging world capitalist crisis. As this recession develops, it would further intensify the Indian industrial crisis.

### *Piecemeal Measures*

The government representing the interests of the big bourgeoisie and the landlords has pursued policies with the aim of promoting capitalist development; hence the crisis has developed, as a result, not in spite of, government policies. It is for this reason that attempts by the government to adopt piecemeal measures to tackle the crisis, while continuing with the same broad policies that are responsible for the crisis in the first place, have failed so miserably. What are designed as solutions for one problem have often accentuated other problems.

Curtailment of deficit financing as a measure against inflation has implied, since government spending has been cut to achieve it, a further shrinkage in the markets for industries, notably those producing capital goods which cater to government demand and hence a further accentuation of the industrial crisis. The credit squeeze, designed to curtail speculative activity, has more likely affected productive activity especially in small-scale industries. Periods of capitalist crisis usually witness increases in concentration of production, since the crisis hits smaller producers much more sharply. In India too, genuine small-scale units for example in the engineering industry, have been much more sharply hit by the stagnation of the last decade. The anti-inflationary credit squeeze is likely to worsen their plight without, ironically enough, affecting traders, black marketeers and hoarders who make the widest profit margins.

### *Trade Unions under Attack*

In its desperation at the continuing crisis, the government has recently been turning increasingly to measures which involve a frontal attack on the working class and its militant organizations. A misleading impression is sought to be conveyed that excessive money claims by industrial workers have been responsible, partly at least, for the current inflation. This is far from the truth. Not only have money wage increase not kept pace with the price increase resulting in a fall in real wages in recent years, but a comparison of money wages and price movements since 1939 suggests that real wages have hardly moved upward. The attempt to shift the blame for the crisis on to the working class is therefore both a ploy to conceal from the people the real reasons for the crisis, and a strategy tc overcome the effects of the crisis by shifting its burden on to the working people. Throughout the history of capitalism whenever the bourgeoisie has faced a crisis, whatever the factors responsible, it has attempted to find solutions at the expense of the workers: the Indian bourgeoisie is also adopting this old strategy.

The attack on the economic position of the working class in the form of wage freeze is backed by attacks on trade unions and the right to strike. Denial of recognition to majority unions and of the right to strike in 'essential' industries, "permanent" ban on strikes in certain sectors (for example, electricity) and dismissal of militant trade unionists, have been some of the weapons used in this attack. This armoury has now been immeasurably strengthened by the addition of a new powerful weapon which has even become the envy of capitalists in advanced countries: the use of military and police forces for strike-breaking by arrests, attacks and victimization of workers as witnessed on a massive scale during the recent railway strike.

Alongside the suppression of the democratic rights of workers, this shows the general erosion of democracy initiated by the ruling classes. Rule by ordinances, detention without trial under the Maintenance of Internal Security Act, adoption of semi-fascist terror against political opponents and rigging of elections are some of the features of this process of erosion. It is hardly surprising that when the ruling classes are faced with a severe crisis of their own creation, which they are unable to solve, they resort to repression in order to stifle opposition.

## *AGRARIAN CRISIS*

Our country is in the grip of a severe food crisis particularly for the last two years. In the best of times the workers and poor peasants who form the majority of the population live below the subsistence level. The sustained ascent in the prices of necessities—most important among which are foodgrains—during the last decade and its sharpest acceleration during the last two years, meant nothing less than immiserization of the masses. In the last four months, hundreds of people have died from starvation and thousands are pouring into the cities in a futile search for food and livelihood.

The seriousness of the present crisis has to be judged in the light of the precarious economic plight of the masses in the very midst of so called growth and price stability. The 1950s showed an annual rate of expansion of agricultural output at 3 per cent, marginally higher than the rate of population growth. It was also a period of temporary stability in the prices of necessities. Even under such circumstances, 'favourable' for the ruling classes in their attempt to follow the capitalist path of development, the urban working class and the agricultural labourers including the poor peasants could hardly maintain their economic position in terms of the absolute real level of consumption. On the contrary, the gap between them and the exploiting classes, particularly the landlords and the big bourgeoisie, widened. During the 1960s and continuing into the 70s, however,output expansion itself has slowed down and the entire brunt of this is being borne by the masses in the form of an absolute decline of real income and per capita availability of necessities particularly foodgrains.

## *Legacy of Colonial Agriculture*

At independence, India's agrarian sector was characterized by the effects of two centuries of foreign rule which had led to a chronic, long-run crisis, essentially marked by the breakup of agricultural petty production without sufficient development of capitalist production, in agriculture as in manufacturing. A pauperized peasantry, agricultural surplus population, acute unemployment and underemployment,abysmal poverty, primitive methods of production, all these familiar consequences followed directly from the tendency towards the dissolution of petty production in an economy ruled by British imperialism. The causes of this dissolution of independent petty production, affecting both the peasant and the artisan in the pre-colonial era, are fairly well known. Under the impact of the heavy land revenue or rent demand in cash, the penetration of exchange and money,and the strict enforcement of oppressive contract lawss the colonial period saw the following widespread tendencies:

(a) Heavy indebtedness at usurious interest rates affected the majority of peasants and artisans, for whom such indebtedness was inevitable merely for keeping simple production going and for paying revenue or rent. The meagre surplus of the peasant was thus drained away by taxes, rent and interest. Since production did not improve, compound interest could mean only cumulative indebtedness, and in consequence, the peasant had to cut down consumption, and ultimately to part with all assets and means of production including land. A large section of the peasantry was reduced to landlessness; their numbers were swelled by artisans displaced from their trade by imported manufactures. By 1950, about thirty per cent of the agricultural population was landless.

(b) Merchants enjoying monopoly position advanced money to needy peasants for growing cash crops, and in the process absorbed the entire profit themselves by paying very low precontracted prices. To exploitation through taxes, rent and interest was added the exploitation by the merchant through the market. The nominally independent peasant became enmeshed and dominated by usurer's and merchant's capital. Between 1914 and 1950, production of cash crops grew, but per capita production of foodgrains registered a decline in all parts of the country. The rural poor and the workers were thus consuming less food in 1950 than in the years following the First World War.

The effects of these factors giving rise to pauperization were extremely severe owing to the lack of alternate employment opportunities. The very limited extent of industrialization failed to shift the burden of a growing population away from agriculture; on the contrary, there was an increase in the dependence of the male working force on agriculture, from 74 per cent in 1881 to 76 in 1931. The very large increase in the absolute numbers which were forced to subsist on agriculture led to reduced land area per capita and acute underemployment. The pauperization process implied that a rising proportion of the growing mass had little or no right to land; the entirely landless constituted one-third of total rural population; and another one-third, by 1950, operated less than one acre of land. The characteristic feature of this pauperized mass was that it was not yet a proletariat. Only a small section of the displaced peasants found employment in the capitalist sector, but the overwhelming majority remained as acutely underemployed farm servants and labourers without assured work or wages, subject to debt, bondage and servile constraints; or as petty tenants on sharecropping terms. Typically, the forms of capital which spread their tentacles over peasant production were usurer's and trader's capital—forms typical of the circulation process as opposed to capital in the production process.

## *Problem's Dimensions*

Thus, a high degree of landlessness combined with extreme concentration of landholding characterized the agrarian sector. A minority of landlords at one pole controlled the bulk of cultivated area, livestock and other means of production, exploiting in numerous ways the majority of poor peasants and landless labourers at the other pole with a relatively thin stratum of nominally independent petty producers in the middle. Methods of production were primitive and crop yields among the lowest in the world. If in spite of this a substantial share of the low output constituted a surplus extracted in the forms mentioned above, this was only because of the extremely low levels to which peasant's consumption could be pushed on a tropical agriculture with widespread unemployment.

These were the dimensions of the crisis which cried out for the obvious solution: the sweeping away of landlordism, the redistribution of land to the poor peasants and landless labourers and the simultaneous breaking of the stranglehold of the trader and moneylender on the peasant. The present ruling classes obtained support of the peasantry during the national movement precisely by putting forward promises of such an agrarian reform.

In the course of the last 25 years, land reforms of a certain type have been carried out in pursuance of the capitalist path of economic development. The government had also undertaken other measures with important effects on the agrarian structure. The question is, what was the impact of these measures? Have they in any sense solved, even partially, the chronic problems outlined earlier or intensified these problems perhaps altering them into the forms in which they are manifesting themselves today?

It is necessary to start from the general theoretical understanding that after the era of socialist revolution was ushered in 1917, no emergent bourgeoisie in the so called "developing" countries can or will mount a full scale attack on the pattern of the classical bourgeois revolution against landlordism, and against all feudal or semi-feudal exploitative production relations. Instead, it enters into a coalition with landlordism. And any programme of agrarian reform it initiates is necessarily half-hearted, partial, and designed not to resolve the crisis of the mass of the peasantry which it is incapable of doing, but rather to overhaul the agrarian structure to the minimum extent necessary for its industrialization programme.

## *Pattern of Land Reforms*

The Indian experience was no exception. Inspite of the slogan of "land to the tiller", land reforms were explicitly concerned with moderating inequality within a minority at the top of the rural pyramid ignoring completely the problems of the landless and the poor peasantry who together form the majority of the agricultural population. The semi-official evaluation studies of the impact of land reforms legislation in different regions reveal a remarkably similar pattern:

(a) The concentration of landownership has apparently decreased, but only very slightly. The relative share of landownership over 50 acres shows a decline and that with an average of 20 to 50 acres shows an increase. This no doubt reflects the breakup of the very large jagirs and zamindaris following the "abolition of intermediaries" and is partly fictitious owing to benami transfers.

(b) Owing to tenancy reform, a small section of tenants who were relatively well to do, obtained ownership right by purchase (paying a multiple of the land revenue) to the lands they had formerly leased and so improved their economic position. There seems little doubt that most of these fortunate tenants were already of a rich peasant status. At the same time, the numerically more important poor peasant-tenants tended to get evicted on a wide scale by a combination of legal and illegal methods; they became labourers or unrecorded sharecroppers and shifted around from plot to plot.

(c) The dominant position of the landlords moderated somewhat in favour of the top stratum of the peasantry; but owing to their ability to "resume" large areas for "personal cultivation" most landlords retained their dominant landholding position.

Thus on balance, such redistribution of land as has taken place is within the top 10 to 15 per cent of the agricultural population. The position of the mass of the peasantry has worsened with the growth of evictions, insecure petty tenancy and landlessness. (If the landless are included in computing concentration of landholding, this would show an increase today compared to 20 years ago.) The burden of rent has no doubt been eliminated for a minority of well to do tenants who could become owners; but for the vastly larger numbers of petty tenants on sharecropping terms, there is no evidence of any decline of the rent burden, except in very limited areas where an organized peasant movement could resist illegal appropriation of rent. Indeed the rental share has been going up in areas where there have been farm improvements.

## *Altered Forms of Rural Exploitation*

It has been noted by many observers that the forms of exploitation have tended to change with these land reforms. In particular, a section of the old-style 'feudal' landlords have turned into capitalist landlords exploiting wage labour for profit; a section of the former rich peasantry shows a similar tendency particularly those who have benefited from tenancy reforms. There is noticeable shift towards the replacement of the customary wage by cash payment which, with price rise has meant a declining real wage. The surveys of rural credit as well as studies of cooperative societies, indicate that cheap credit carrying low interest from commercial banks and cooperative credit societies has been monopolized by the landlords and rich peasants while the mass of the peasantry is not considered creditworthy and continues to be exploited by the usurer's extraction of high interest, which also entails debt bondage. With regard to the burden of taxation, while the importance of the land tax has declined, a whole new range of high commodity taxes press on the rural poor to no less an extent than on the urban poor.

The problem of small-scale producers is made even more acute by the interlinking between different forms of exploitaton. Lack of adequate means of production compels such a petty peasant-producer, to borrow at a very high rate of interest or lease in land on high rent. This may further be tied to selling his labour at below the market wage. In short, the paucity of means of production immediately places him at a disadvantage in all other aspects of the production process: in obtaining credit, marketing the output, and selling his labour power. The triple burden of rent, interest and taxes as well as exploitation through the market continues to bear as heavily on the masses of the peasantry as before; the problems of land concentration, landlessness and unemployment are at least as acute as before. In fact, the capitalist path of development adopted by the ruling classes is only intensifying these problems.

Apart from land reforms, the attempt to industrialize along the capitalist path has made a major impact on agriculture. The large scale state investments under the Plans from the mid-1950s onwards in particular have expanded sharply the demand for agricultural commodities. Combined with the relative slowness of output expansion (constrained as this sector is by an unreformed agrarian structure) this has started the period of inflation in India. All prices started rising from the mid-1950s, but agricultural prices, especially the foodgrain component, have risen at a faster rate than any other.

The government launched its so called "New Agricultural Strategy" which concentrated on providing the subsidized new inputs primarily to the top 10 to 15 per cent—the landlords and rich peasantry—in an attempt to resolve the problem of expanding food supply. Given the agrarian class structure, the ability to invest in the new techniques was confined necessarily to these top strata, which also monopolized access to cooperative credit and to markets. By contrast, the mass of the peasantry lacked the capacity to invest and were exploited by moneylenders and traders who absorbed higher prices for their crops in inflated trading margins. A large number of district level studies confirm that the "New Agricultural Strategy" has led to increasing concentration of incomes in agriculture.

### *Road to Ruin*

The agricultural growth of the fifties was sought to be maintained by introducing from above new inputs, high-yielding varieties of seeds and incentives in the form of subsidized input prices and assured output prices (except for some cash crops like jute) which it was hoped would induce the landlords and a section of the rich peasantry to adopt technical improvements. While this strategy undoubtedly resulted in an increase in output of wheat and certain other crops in certain regions—Punjab, Haryana and western U P—the overall growth rate of agricultural output has been lower during the sixties. The growth of non-food grains has been distinctly lower; even with regard to foodgrains there has been a noticeable slackening of the overall growth rate. While the achievements in terms of output therefore have not been satisfactory, the price effects have been of considerable importance. While agricultural prices increased sharply owing to the drought in 1965-1966 and 1966-67, even after the recovery, output prices were pegged at the high levels attained, through the intervention of the government. Thus the support and procurement operations of the government, by introducing a downward inflexibility of prices, stimulated price rise through speculative hoarding (as in 1972 despite a record overall production of foodgrains that year). In the subsequent period, though procurement prices have been raised, they have not only failed in achieving their objective of mobilization of food surplus for public distribution but have fuelled inflation and encouraged speculation.

The efforts to break the fetters imposed on industrialization by a backward agriculture through inducing the landlords and rich farmers to adopt technical improvements have not only failed in maintaining adequate agricultural growth but have aggravated the inflationary condition. The high and rising food prices have continued and even accentuated relative stagnation of markets for mass consumption industrial goods; the slowdown of the growth rate of public spending in response to this has also affected adversely the demand for capital goods. Finally a continuation of the earlier growth process has also been hampered by the diversion of resources towards defence and other paramilitary operations. Thus the forces of stagnation which were kept in abeyance till the mid-sixties by the artificially-boosted public investment programmes of the Second and early Third Plan years, backed in no small measure by PL 480 imports, became manifest in all their economic and non-economic dimensions.

Over and above this, the inflationary process itself has made a differential impact on the classes within agriculture. The benefits of inflation in foodgrain prices go almost entirely to the top 10-15 per cent of the landlords and rich peasants who contribute the bulk of the net marketed surplus of foodgrains. Small-scale cultivators may initially sell a high share of their output immediately after the harvest at low prices to meet various kinds of obligations; but they often buy back their consumption requirements at inflated prices. Conversely, the landless and poor peasants are very substantially dependent on buying from the market to meet their subsistence requirements; inflation in food and other necessities imply a cut in their real incomes no less than in the case of the urban poor. Inflation therefore represents a shift in the income distribution within the agrarian sector away from the peasant masses in favour of the landlords and also largely the rich peasantry. This is accelerated where there is also the tendency for intensive cultivation with modern techniques.

## *Stagflation in Agriculture*

The matter can be looked upon in the following way: in attempting to pursue the capitalist path of industrialization, the unreformed agrarian structure is found to act as a constraint. Instead of carrying through radical land reforms which its reliance on landlords prevents it from doing, the government has tried to solve the problem of food supply by encouraging the landlords and rich peasantry to transform themselves into capitalist producers. This attempt, however, (a) has not resolved the government's own problem of sustaining agricultural growth and specifically of sustaining the marketed surplus,and (b) has intensified the crisis in which the masses are involved, by accelerating the tendency towards economic differentiation within the peasantry. These specific features of the current phase of the agrarian crisis are examined below.

Whatever methods we use for computing growth rates we obtain the result that there has been a definite slowing down of the growth of agricultural production from the mid-1960s compared to 1960-1964. The reasons for the slowdown may be that growth was somewhat broader-based in the entire period owing to the fact that it was associated with public investment in the big irrigation projects, which benefited, even though to widely differing extents, both the large and small producers. From the early 60s, however, output expansion has become increasingly dependent on private investment in irrigation, typically wells to that extent it has become extremely narrowly based, since as noted earlier hardly 10 per cent or even less of producers, namely, landlords and rich peasants, would have the capacity to undertake such investment. Even for those with the capacity to do so, such investment is not paying unless the new crop varieties and techniques give a sufficiently large jump in productivity to compare favourably with the highly lucrative traditional alternative uses of investible funds such as usurious moneylending or trade. As is well known, only in the case of wheat has there been the technological breakthrough giving such a discrete jump in productivity; with respect to the other staple, rice, the effect is much less.

It is significant that such limited output expansion as has taken place in the last decade has shown a regionwise and cropwise concentration in addition to the classwise concentration already mentioned. More than half the total increase in foodgrain production over 1964-65 to 1970-71 came from only three northern states: Punjab, Haryana and Uttar Pradesh; while much of the eastern region (Bihar, Assam, Orissa) and south central region (Andhra Pradesh, Kerala, Maharashtra) showed either very small increase or decline. As stated earlier, of the total foodgrain output growth between 1960-61 and 1970-71, almost one half was on account of wheat alone. It may not be accidental that this concentration of output expansion is in the crops and regions where the tendency towards new-type cultivation with modern techniques depending essentially on private investment is most marked.

### *Capitalist Tendency*

If there is a capitalist tendency it is very largely confined to these regions and crops (though the tendency is present in much weaker form elsewhere as well). The political pressure exercised by the large scale cultivators' interests in agriculture has kept wheat procurement prices pegged at successively higher levels: even though wheat output registered a larger rise than rice, wheat prices have risen faster than rice prices. The severe limitations faced by the capitalist tendency even in its strongest form in Punjab, Haryana and U P is underlined by the fact that, having successfully used the monopolist tactics of price fixing, the top agricultural strata now appear to be restricting output (which has fallen from a peak level in 1972) and switching their investible funds from production into the circulation process like traditional avenues of trade and moneylending. More generally, the capitalist tendency constantly encounters the constraints emanating from the unreformed agrarian structure: (a) the large mass of pauperized peasants and small scale cultivators provide a lucrative opportunity for exploitation through usurious moneylending, since they are forced to take consumption loans; (b) this also perpetuates labour which is in debt bondage and similar to serf labour on a monetized basis as in the case of socially oppressed Harijans and tribals; (c) involvement of the small-scale producers in the market is exploitative: in return for an advance from the landlord or trader, the contract to supply the crop at a low price profits the landlord-trader in the bargain. All these factors constantly exercise a countervailing pull on the limited tendency towards capitalist production, making it even more narrowly based and incapable of resolving the ruling classes' problem of obtaining a surplus from agriculture for industrialization.

Over and above this, the problems of economic concentration and increasing landlessness which constituted the chronic long-run agrarian crisis are intensified further by the operation of this tendency. Not only is there a relative displacement of small scale producers in the sense of their lessening share in income, output and marketed surplus: there is also evidence of an absolute displacement of small scale producers, their conversion to landless labourers resulting from illegal methods of land-grabbing (as in the case of tribal land) and legal methods through purchase and lease. (The Census data too show a sharp rise in the proportion of the landless labourers in the rural population between 1961 and 1971 in every state. Not all this rise can be explained away in terms of past under-reporting of the extent of landlessness). In short the breakup of petty production is greatly accentuated owing to the logic of attempting to follow the capitalist path. On the other hand, with agriculture tending towards mechanization in the north western region in particular there is a net reduction in labour requirements. Non-agricultural employment has expanded at too slow a rate to alter the proportion of people dependent on agriculture—about 70 per cent today as it was a century ago.

## *Further Constraints on Production*

Concentration of land in the hands of a few, insecurity of tenancy and existence of large masses of agricultural workers below subsistence level have seriously constrained agricultural production. Eighty per cent of the marketable surplus is controlled by 20 per cent of landowners. Concentration of land is more pronounced in the areas of assured irrigation. The strategy for intensive agricultural development involving massive investment for providing infrastructural facilities like irrigation, power and roads as also agricultural inputs such as hybrid seeds, fertilizers insecticides and credits have largely helped this small number of landowners. Control over marketable surplus has enabled the landlords and rich peasants to secure a price far higher than the cost of production. For instance, the current procurement prices recommended by the Agricultural Prices Commission (APC) provided for a profit margin of 70 to 80 per cent to the producers. The actual prices offered by the government were much higher than what was recommended by the APC. In fact the big farmers have extracted still higher prices by withholding marketable surplus. This phenomenon resulted in transferring resources from deficit to the surplus areas in the form of highly favourable terms of trade thereby aggravating inter-regional imbalances in income distribution.

Accrual of such fabulous profits has enormously strengthened the economic power which has whetted the appetite for larger and larger profits. By linking their interests with those of the traders, the landlords are able to hold the rest of the population to ranson. Hoarding and speculation by trading capital has led to a massive diversion of resources from productive channels.

The present agrarian crisis, therefore, arises from the attempt to carry through industrialization on the basis of an unformed agrarian structure; it has led to rapid inflation, deceleration in output growth and an intensification of the chronic problems of landlessness and unemployment.

### *Repercussions on Industry and Trade*

In their quest for excessive profits, landlords and traders have contributed towards the escalation of the cost of living of which food prices constitute the major part. Naturally, the excess profit manipulated by the landlords, rich farmers and traders is a major factor in the current inflationary crisis. Secondly, constraints on agricultural production manifested themselves by way of shortage of agricultural raw materials needed for industry. Such shortages lead to under-utilization of installed industrial capacity. Besides, high prices coupled with shortages push up the cost of industrial production. The manufacturers of the mass consumption goods react to the inflationary situation either by raising prices to protect their profit margins, in which case the burden of the rising costs is passed on to the masses; or, even if they take a temporary cut in profits, they are compensated by the state in various ways (subsidized railway freight, export assistance programme, reduction in duties or cheap credit) the burden of which is also ultimately borne by the masses.

The inflation in food prices has another important effect in restricting the mass market for manufactured essential consumer goods in both urban and rural areas. To the extent that the consumption of food per capita is already at very low levels for the masses, any rise in food prices means that more has to be spent out of a given income on food, leaving correspondingly less to be spent on manufactured commodities. There has definitely been a restriction in the mass market for such goods as cotton textiles owing to this factor. The noticeable diversification of the textile industry towards fine varieties and synthetic farbrics, while cheaper varieties of cloth are not available, is a reflection of the shift in incomes towards the upper strata in both rural and urban areas.

The public foodgrain distribution system is totally inadequate even for the limited purpose of providing some protection to the masses against the galloping inflation; the rural poor in particular are totally unprotected. Hardly 4 to 5 per cent of the total disbursement goes to the fair price and ration shops in rural areas, even though the majority of the poor live there. The large number of recent starvation deaths—of people belonging almost wholly to agricultural labourers' families—are due to this anomaly. The foodgrains procurement policy has been subject to the blatant exercise of pressure from the minority of agriculturists who benefit from keeping food prices high. Giving in to this pressure and raising the procurement price in successive years, the government has itself created inflationary expectations, which provide a major stimulus to speculative stock-holding, which in turn leads to the expectations being realized. This role of government procurement policy in maintaining inflation is a reflection of attempts to use the market mechanism, offering through 'fair' prices a profit to the rich surplus producers. What is required is a compulsory requisitioning of stocks from this group at a price covering the cost.

To conclude, the problems defining the long-run agricultural crisis which the economy inherited at independence have not been resolved. On the contrary, since 1950 the ruling alliance of the bourgeoisie and landlords in attempting to follow a capitalist path has, by modifying the forms of exploitation, only intensified the basic problems.

## *ALTERNATIVE POLICIES*

A genuine solution of the crisis is impossible within the framework of the present system, since it is the outcome of inherent contradictions. It calls for an alternative approach to the question of development and an alternative path of development along the following lines:

### *I. Resource Mobilization*

#### *A. Domestic*

1 Ceiling on profits of all the industrial and commercial undertakings owned by Indian business and the takeover of excess profits.

2 Graded tax on the capital value of the land.

3 Ceiling on urban incomes.

4 Imposition of prohibitive taxes on all luxuries and exemption of basic necessities from taxation: such necessities should be subsidized if necessary.

5 Reduction of outlay on defence and on highly paid officials.

6 Giving up inflationary methods of financing such as deficit financing.

7 Confiscation of all hoards of black money, precious metals and gold belonging to black money owners, smugglers and so on.

8 Demonetization.

9 Ceiling on urban property.

#### *B. External*

1 Nationalization of foreign private capital without compensation.

2 Repudiation of outstanding loans from imperialist countries.

3 Nationalization of foreign trade.

### *II. Industrial Policy*

1 Nationalization of all big enterprises controlled by the monopoly houses and the large independent companies listed in the Industrial Policy Enquiry Committee's report.

2 Inclusion of all basic industrial undertakings in the public sector.

3 Encouragement of small and medium industries, handicrafts and small producers to join the co-operative sector.

4 Ban on the production of luxury goods and utilization of the resulting productive capacity for commodities of common consumption.

5 Withdrawal from the International Patent Convention.

### *III. Agricultural and Land Reforms*

1 Abolition of landlordism in the agricultural sector; elimination of the remnants of feudal and semi-feudal relations; distribution of land appropriated from the landlords among the tillers; conferring proprietory rights on the tenants.

2 Stoppage of all evictions and preparation of records of rights; enforcement of legal provisions regarding protection of tenants and sharecroppers' rights by people's committees.

3 Ruthless enforcement of ceiling and distribution of all surplus lands and cultivable wastelands to the landless labourers and poor peasants.

4 Steps towards the consolidation of a record of rights for all individual households so that it could be computerized and published.

5 Throwing open the statement of the record of rights for every village before the Grama Sabha with legal provisions safeguarding the rights of any member of the Grama Sabha to challenge the statement on the total land owned by a family.

6 Formation of people's committees in every village to finalize the disputes settled by the Land Commission. These committees should possess statutory powers with majority representation for the poor peasants and agricultural labourers.

7 Immediate distribution of cultivable wasteland to landless agricultural labourers.

8 Annulment of all debts of landless agricultural labourers, poor peasants and middle peasants.

9 Fixation of minimum wages for agricultural labourers in all the states.

10 Immediate stoppage of all evictions.

11 Strategy for increase of agricultural production to be so guided that employment of agricultural labourers is increased and technical development linked with the measures against concentration of prosperity and agricultural unemployment.

12 Provision of credit and other facilities like better seeds, water and fertilizers to poor and middle peasants at concessional rates.

13 Drastic modification in the pricing policy in order to redistribute income in favour of the poor and middle peasants.

14 Investment in public works for agricultural purposes to be

designed in such a way that majority of the poor and middle peasants derive the benefits generated out of it.

## *IV. Food Policy*

1 Monopoly procurement of the entire marketable surplus from big landholders at more or less uniform prices throughout India which provide an adequate rate of return.

2 State monopoly of wholesale trade in foodgrains.

3 Equitable distribution by statutory rationing in urban areas.

4 Maintenance of a sizeable buffer stock of foodgrains to meet contingencies.

5 Formation of people's committees at Panchayat level to make procurement and distribution a success.

## *V. Labour*

1 Employment or unemployment relief to all able-bodied.

2 Minimum wages to the workers and employees.

3 End to the wage-freeze or deferred payment.

4 Full neutralization of the increased cost of living.

5 Democratization of the management of public sector undertakings and nationalized concerns.

6 Compulsory recognition of trade unions and their right of collective bargaining by the management.

7 Measures for a continuous rise in the standard of living of the working class; fixation of wage differentials on a national basis.

8 Recognition of the principle of equal pay for equal work: no differentiation in wages to men and women.

9 Steps to ensure democratic functioning of trade unions: consultations with unions at all levels in chalking out government's labour policy

# *BOOK REVIEW*

S Manzoor Alam and Waheeduddin Khan, METROPOLITAN HYDERABAD AND ITS REGION : A STRATEGY FOR DEVELOPMENT, Asia Publishing House, Bombay 1972, pp 315 Rs 30.

URBANIZATION, as a process, has been proceeding in a very peculiar fashion in this country. Although four major metropolitan cities—Calcutta, Bombay, Delhi and Madras—have recorded fantastic growth, it is not maintained in respect of other cities. The second level metropolitan centres—Hyderabad, Bangalore, Ahmedabad and Kanpur—are however now fast catching up.

Historically, metropolitan cities have been studied in isolation and it is only now that their relationship (influence and dependence) with the surrounding region has been realized. The book under review is perhaps the first attempt in India to study a metropolitan centre in the regional context. The basic premises on which the study has been conducted are: firstly,metropolitan Hyderabad, being the largest urban industrial agglomeration in Andhra Pradesh, decides to a great extent the shaping of the spatial economy of the state: secondly, it also is a dominant factor in determining the spatial distribution of population and activities in the zone of its immediate impact and thirdly, that it is a rapidly developing conurbation with strong axial expansion tendencies.

The book is divided into four parts. Part I covers the process of urbanization in Andhra Pradesh in general, features of various component regions and the zones of influence of Metropolitan Hyderabad. Part II, which deals with the economic characteristics and strategy for development in three chapters, defines the limits of Metropolitan Hyderabad on the basis of circulation of daily newspapers, distribution pattern of resident university scholars, traffic flow and traffic shed and supply zones of some of the essentials. It then analyses the demographic and economic profile of the region, and outlines a strategy for its development. Part III is exclusively devoted to the detailed examination of planning and development problems of the central city of Hyderabad-Secunderadad. Land use and development policy for the metropolitan region and the central city are outlined in Part IV.

The Hyderabad Metropolitan District includes two contrasting areas with distinctively different problems. On the one hand is the highly urbanized multi-functional central city, Hyderabad-Secunderabad, having a gross density of population exceeding 14,000 persons per square mile, and on the other hand are the transitory rural areas having a low density of population ranging between 300 to 500 persons per square mile. Quite naturally, in evolving an integrated rural-urban land-use policy for Hyderabad Metopolitan District, the distinguishing problems of these two areas have to be borne in mind.

## *Correcting Imbalances*

The authors note a serious imbalance in the physical growth of the central city—Hyderabad-Secunderabad—caused by a radical transformation in its social and economic setting. (To this, perhaps, one may add the political transformation which has taken place since this project was completed.) Within the city there are areas of divergent social and economic characteristics running counter to each other. Their confrontation would worsen unless corrective measures are undertaken. To avoid this, the authors recommend a vacant land development policy assigning three levels of priorities.

The 'economic core' of the city has shown dynamic growth tendencies whereas the 'historic core'—comprising the walled city—is languishing. In order to avoid blight and dissipation in the south and functional congestion in the north, the authors recommend strengthening the commercial character of the economic core through shifting of administrative and social facilities and functions located in it to the historic core to give the latter a new vibration. They also advocate certain taxation measures which would go a long way to developing and revitalizing the historic core.

Functional nodes—administrative and other services, trade and commerce and manufacturing—are also not properly located : in point of fact, two out of the three named above are concentrated in the economic core. These nodes have to be located at different places. With the emergence of a fairly large industrial node in the north, shifting of administrative and other services from the economic to the historic core would achieve this objective.

In view of the wide range and complexity of the problems that are identified for the Hyderabad Metropolitan Region, and perhaps also because of specialized inputs that would be needed to tackle them, the establishment of a Metropolitan Development Authority for Hyderabad, recommended by the authors, is perfectly justified. The Andhra Pradesh Government had done well in accepting this advice and establishing the Hyderabad Development Authority (HDA). One hopes that the HDA would have sufficient administrative, financial and planning powers to deliver the goods.

### *Interdisciplinary Research*

The Hyderabad Metropolitan Project, of which this book is the end product, was an interdisciplinary research effort financed by the Asia Foundation. The foundation itself had to close down when this project was halfway through. That this sudy could still be completed and the report brought in the present form speaks volumes about its merit and the organizational ability of Professor Manzoor Alam. However, interdisciplinary work also has its own limitations and these certainly are discernible from the contents of the book. While reading the book, it is difficult to avoid the impression that the presentation of the material is uneven. While major portions of the book bear the stamp of conceptual clarity,firm grasp of the material on hand and lucid presentation, certain others cannot be bracketed in the same class.

The book as it is also seems to have not done justice in terms of coverage of educational, medical, recreational, and social welfare facilities, especially their standards and deficiencies—provided by the Municipal Corporation, State and Central governments and various other voluntary agencies. It is availability or lack of these facilities that largely shapes the life-style in a metropolitan centre. Perhaps, the inclusion of various sub-reports dealing with many of these and other aspects (and brought out separately as bulletins of the project) in the book would have further enhanced the value of the book.

Having noted these minor shortcomings the reviewer considers it as one of the very few first rate books published recently in the field of social sciences in India. C D Deshmukh, in his preface, very rightly describes this work as 'meticulous' and 'pioneering'. Very rewarding reading indeed for social scientists, planners and administrators.

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*Articles, notes and book reviews express the views of their authors and not necessarily of the editors or of the Indian School of Social Sciences.*

# *OUR CONTRIBUTORS*

*Dr SUSANTHA GOONETILAKE is in the research division of the Peoples Bank, Sri Lanka.*

*Dr BHARAT JHUNJHUNWALA is associate professor at the Indian Institute of Management, Bangalore.*

*N KRISHNAJI is fellow, Centre for Development Studies, Trivandrum.*

*Dr ASHOK MITRA is national fellow, Indian Council of Social Science Research.*

*E M S NAMBOODIRIPAD is member of the Polit Bureau, Communist Party of India (Marxist).*

*Dr PRABHAT PATNAIK teaches economics at the Centre for Economic Studies, Jawaharlal Nehru University, New Delhi.*

*Dr G RAMACHANDRA RAJ teaches sociology in the University of Kerala.*

*Dr R RADHAKRISHNA is professor of economics, Sardar Vallabhai Patel Institute of Economic and Social Research, Ahmedabad.*

*T G SANKARAN is an economic analyst from Trivandrum.*

*Dr ATUL SARMA is economist at the Sardar Patel Institute of Economic and Social Research, Ahmedabad.*

*Dr M J K THAVARAJ is senior professor of financial administration, Indian Institute of Public Administration, New Delhi.*

## FROM THE EDITOR

THIS double issue is devoted to the inflationary crisis which has overtaken the economy. Ashok Mitra opens the discussion with what he calls "random paragraphs containing some comments which make no pretence of being tightly correlated ... All the same, they reflect at least one particular point of view."

Other articles highlight the reasons for the crisis in the overall political economy of Indian development; fiscal policies; state intervention and foodgrain prices; impact on different social groups; and the glaring contrast between the capitalist and socialist worlds.

*ASHOK MITRA*

# *Current Crisis, Planning and Growth*

FOR all practical purposes, the country has once more returned to the phase of plan holiday. Irrespective of whether a final version of the Fifth Five Year Plan is made available or not, the parameters originally proposed for the Plan have fallen by the wayside. Even if there were a genuine determination to reverse the interruption of the planning process, it would still be necessary to start afresh, since, in the changed cirumstances, the internal logic of the Fifth Plan has become altogether non-operational.

To return to planning is an imperative necessity; this proposition will hold even where no radical transformations of the system are being thought of and certain liberal goods are all one is after, such as rapid economic growth, eradication of the more extreme forms of poverty, narrowing of income inequalities, creation of more employment opportunities, and so on. Given India's acute paucity of resources, all this calls for coordinated use of resources. Equally important is the need to restore the concept of a definite time horizon; it is in terms of the latter that the coordination of resources has to be affected. Such coordination should at the same time take cognizance of a set of clearly enunciated and internally consistent national targets. Whatever the system of socio-political values that might be brought in, as a poor nation we simply cannot afford the luxury of not having a plan. To use a cliche, the present difficulties the nation is encountering are not on account of planning, but because of the lack of it. It is because the national targets were topsyturvy, the time horizons were not ever taken seriously, and the coordination of resources was done extremely perfunctorily that we have struck the present bad patch.

At the same time, one has to be realistic. Planning is much more than merely writing an academic essay which explicitly articulates the three attributes referred to above, namely, coordinated use of resources setting a definite time horizon and fixing a set of national targets. The consistency model, featured by these elements must be adhered to in practice, and its impact and ramifications monitored, as well as regulated during the period of the plan. For example, the moment we begin to talk about resuming the plan, we must ensure that resources are raised in the requisite quantum and put to coordinated use, and that the interval within which the targets are to be achieved is kept in mind.

### *Inflation Disrupts Investment Pattern*

We will however be stranded right at the first base if the present bout of price rise continues. An annual inflationary rate of 30 per cent or thereabouts will mean that savings, and public savings in particular, will gradually dry up, resources for development will remain woefully short, and the public sector programme of the Plan will be a non-starter. In the private sector too, in case inflation continues to rage unabated, a continuous shift away from productive investment to speculation will take place. Even were high profits to be chalked up in specific activities, there will be little incentive to plough back the emerging surplus into capital expansion: the temptation will be great to divert available resources to ventures with a quick turnover. In the non-farm sectors, there will be an additional reason for investment failing to pick-up. A major characteristic of the price inflation currently stalking the land is the disproportionate rate of increase in foodgrain and industrial raw material prices;here, the price rise has been much sharper than for industrial manufactures, including machinery and equipment. As a result, the unit cost on account of wages or the procurement of raw materials has increased, either immediately or with a time lag. Where a corresponding increase in unit price has not been possible—or has not been allowed by the authorities—a shrinkage in returns has taken place. In the private sector (barring agriculture), productive investment is hence being held back for two separate reasons:(a)the relative unattractiveness of such investments compared to outlays on speculative activities; and (b) the relative decline in the generation of surplus in a number of activities.

Whatever programme is drawn up for resuscitating the growth process should therefore consist of two distinct parts, namely, a programme of stabilization and a programme of development. The objective of the stabilization programme will be to cut back drastically the rate of inflation. According to one argument, the surest prescription for curing inflation is to raise the level of production. It is not—it should be said—the fiscal or monetary instrumentalities which are responsible for the price increase, nor the waywardness of administrative decisions, but the lack of output; to remedy the situation, it would be suggested, all that needs be done is to apply a set of measures aimed at stimulating production. Here we are in the midst of a hen-and-egg conundrum. Increased output depends as much upon additional investment as upon a contented labour force. Till as long as inflation continues unabated, neither can one expect the working class to behave 'peacefully' nor will investment pick up. Till as long as wage adjustments lag behind the rate of rise in prices, labour will have every right to agitate. To hope to force output up through expansion of productive capacity is likely to prove equally disappointing. Capacity can expand only where investible funds are available on tap. Since, as already mentioned, in a period of inflation resources increasingly get diverted from production to speculation, investible funds will continue to be scarce till as long as there is no decline in prices. For reasons discussed subsequently, if the present circumstances persist, agricultural output too will show every indication of levelling off.

## *Top Priority for Stability*

Production, in other words, cannot increase at all, or appreciably, unless the present bout of inflation is first contained. A problem of identification obviously comes to the fore: those anxious to establish a causality between production and investment have a point, but the causality runs the other way round; it is only when inflation is controlled that production may be expected to pick up. If this line of argument seems valid for tackling the current crisis, one should really begin with a programme of price stabilization. Effective stabilization will certainly hinge upon a reasonable state of industrial relations and so on. But much more than anything else, it will depend upon implementing successfully measures which directly impinge upon the speculative propensities of the more affluent sections of the community. What all this means is that in the initial phase, the emphasis in policy will be to operate via monetary, fiscal and administrative instruments. The *real* factors, such as the level of output and availability of goods and services, are of course enormously important but we cannot even begin to deal with them unless a modicum of stability has first been brought about through the enforcement of the short-term measures.

## II

In many countries, a programme of stabilization has consisted of two parts: (a) a series of internal monetary and fiscal reforms, and (b) a heavy injection of resources from outside, often made contingent upon (a). As far as India is concerned, (b) may be ruled out. Given the country's size and population, it will need a massive dose of external resources to cure the country of the inflationary hangover: the geopolitical and other conditions for an inflow of this order do not exist any more. There could also be, to put it mildly, strong domestic reservations about accepting the terms that might be stipulated before external parties would agree to offer such resources. The burden in the short run will therefore be all the greater on the other instruments of policy.

In the monetary and fiscal spheres, there should be a two-pronged strategy. Stiff resistance from particular quarters notwithstanding, the authorities must decide to reduce the absolute quantity of money supply with the public by as much as 10 to 15 per cent over, say, an eighteen-month period. This must be done irrespective of the contention that a contraction of money and credit of this order would, if anything, aggravate the crisis in production and lead to large scale layoffs. Contentions of this nature can be easily countered. The control of money supply by raising the rates of lending or by applying the traditional modalities of selective credit control, has been found to be completely ineffective. Where the rate of return on capital from a speculative or trading activity is 100 per cent or more, to pay interest at, say, 15 per cent on borrowed funds does not hold any terror at all. Given the dominance of certain business and industrial houses over the entire spectrum of industry and trade in the country, selective credit control too has been reduced to a meaningless ritual. A party may happen to be denied credit against foodgrains, but it could still obtain the resources it desires under the alibi of advances against oil, steel, cement or chemicals. The kind of inspection arrangements built into our system of commercial banking is incapable of coping with subterfuges of this nature.

### *Curb on Bank Advances*

The need of the hour is to be totally ruthless about the primary source of inflation, namely, bank advances.One method could be to ask the chairman of each commercial bank to identify who its major borrowers are and to aggregate the overall credit outstanding against the latter, irrespective of whether the individual borrowals are on account of foodgrains, cotton, jute, chemicals or cement or steel. Each bank could then be set the target to bring down,by a certain proportion,the absolute quantum of credit for these major parties in a phased manner. Considerable political resistance is without doubt going to be encountered in enforcing such a policy; the test of the government's determination and sincerity will lie in whether this resistance would be squarely faced. (True, a so called scrutiny of the major accounts of the banks was recently undertaken. But this was mere window dressing, like the so called Credit Authorization Scheme of the Reserve Bank of India for scrutinizing big loans: no reduction in the size of loans outstanding to the big parties has been announced by any bank following the scrutiny).

Not that the measure to curtail credit absolutely need not be accompanied by a system of differential lending rates. If selectively applied, stiff rates of lending could indeed deter some people from approaching the banks for financial accommodation. But precisely because, in a period of inflation, the return from trade and speculation is much higher than from productive activity, a stiffening of lending rates might initially hurt production much more than speculation, and thus prove counter-productive. The main emphasis in policy should hence be on lowering the availability of credit across-the-board.

### *Speculative Urge and Rising Expectations*

Taking the cue from what has just been said it could be argued that a deliberate policy of cutting back aggregate money supply too would affect industry more severely than trade and speculation: for with each reduction in total money supply, those who borrow bank funds would economize on their use initially in those sectors where the rate of return was marginal. In a period of inflation, it is well known that profits from speculation are much higher than from industry, and therefore, in the first round of credit cutback, productive ventures, and not speculative activity, it could be maintained, would be most affected. If the credit cut is applied in isolation, such an argument would indeed be valid. However, in case public distribution—recommended in subsequent paragraphs—could ensure the supply to the masses of precisely those commodities in which speculation is most rampant, the urge for persisting with speculative ventures should also begin to die down. Ultimately what matters most is the state of expectations. If, through a series of intergrated and mutually consistent counterinflationary measures expectations could be turned around, there could be a corresponding return to productive operations on the part of private operators.

Once credit is restrained right at the source, the message should in no time get transmitted through the system. With a squeeze developing on credit, those who found it profitable in the past to hold on to stocks of goods will now find it less so. Instead of bank funds being deployed for generating speculative profits and often therefore, by inference, of black money, a reverse trend could set in. As aggregate credit goes down the temptation to put the so called black money into greater use might hence increase. Once this money starts coming out in the open, provided the use of the other instruments are not slackened, it might then be possible to track down its source to somewhat greater extent.

### *Cutback in Public Expenditure*

Simultaneously with the massive effort to reduce the supply of bank money, it would be necessary to take a closer look also at the fiscal process. The problem here is somewhat more complicated, since much of the compulsions for indulging in deficit financing originate in the rampant inflation itself. If prices begin to spiral, naturally the government has to spend more both on developmental projects as well as on normal administrative chores. Besides, as inflation gives rise to widespread discontent among different sections in society, the only means available to assuage this discontent, the authorities discover, is to offer either relief and subsidies on the one hand, or lend resources at low rates on the other. Each of these measures threatens to add to the strain of the fiscal deficit. Unless the rate of inflation first slows down, it may thus be difficult to narrow the fiscal gap. Not that there are not certain obvious areas where economies are possible. To illustrate, since a considerable part of government funds for the so called crash employment schemes and similar programmes are for political purposes, a drastic reduction in outlay should always be feasible. Similarly, the vast sums spent by the Central Government on emergency food production programmes in the past two years have constituted a total flop. A substantial portion of these funds has in fact gone to add to the holding power of the surplus-raising farmers and traders, thus further strengthening the forces of inflation. A cutback in these expenditures would therefore be helpful.

There is no reason for regarding the level of defence expenditure as sacrosanct either. Apart from other considerations, there is a large element of leakage from the defence funds, since a major portion of the total outlay is for importing equipment from abroad. A substantial quantum also goes by way of contractor's margin and so on. Nobody would plead for reducing the overall effectiveness of the defence effort, but the 'sacred cow' psychology towards defence expenditure must be discarded. It remains a moot point whether in case each of the service chiefs were called upon and charged with effecting certain internal economies in their budget, they would not agree to take up the challenge and attempt to curtail their respective expenditures each year to the extent of, say, five to ten per cent. One is not aware whether any such appeal has ever been made to them.

## *Scrutiny of Schemes*

In the Central budget, in recent years other heads of expenditure have crept in which are the wages of political sin. Indiscriminate grants and advances to state governments, either for relief against natural calamity or in the form of ways and means advances, have assumed scandalous proportions. Despite the arrangements delineated by the Sixth Finance Commission to weed out the problem, going by the experience in the current years, one is not at all sure that we have seen the end of it. There are other items strewn across the budget crying out for similar scrutiny. Under the various export assistance schemes, perhaps as much as Rs 1200 to 1300 crores are being doled out each year by the government: as indicated by a recent report of the Comptroller and the Auditor General, a careful appraisal might bring out the suspect nature of many of these schemes. The special subsidies accorded by the railway authorities to various industrial and commercial groups belong to the same category.

On the income side, one can refer to the poor performance of the public undertakings. Here the fashionable thing is to pass the blame to the workers. The issue is hardly that simple. The power and irrigation projects have, since independence, absorbed the highest chunk of investment funds in the public sector. For political and sectarian reasons—for example, the anxiety to help the rich farmers and select groups of industrialists—the return from them have been deliberately kept low. In the field of taxation, despite the urgings of committees and commissions, the upper echelons of the agricultural community continue to be let off lightly by the state governments. As far as the Government of India is concerned, it too conducted itself extraordinarily cynically when, in the budget for 1974-75, it decided to lower the income tax rates for affluent sections.

### III

### *Food Procurement and Distribution*

At a different level, price stabilization will crucially depend upon the goverment's earnestness to launch a massive programme of public distribution of foodgrains and other essential commodities. Here too, the difficulties are mostly political. In the not too distant past, for instance in the late 1950s, the government was able to procure as much as 3 to 9 million tonnes from out of a much smaller food crop. Now that the production of foodgrains, on the basis of official claims, is as much as 20 million tonnes more than what it was a decade ago, the lack of success in stepping up government purchases is inexplicable, unless the question of class bias is explicitly brought in. In several states a producer levy was in force even a few years ago alongside with the levy on traders and millers; it is outrageous that it is no longer in force now. True, prices in the market have meanwhile risen substantially for all foodgrains; but so too have procurement prices. In the case of practically all foodgrains, the relative spread between market and procurement prices is no wider today than what it was a decade ago. Success in procurement largely hinges upon the will to procure, and upon the extent of imperviousness to short-term political consequences one dares to cultivate; the rest of the problems are minor and subsidiary. That procurement prices are totally irrelevant to effective procurement was amply illustrated by what happened to the procurement of wheat last year: the deliberate increase in procurement prices by as much as 40 per cent meant little, and actual procurement was even less than half of what it was in the preceding year despite the fact that the size of the crop was larger. Since issue prices were also raised the hardship of the poor increased, and there was a further stoking of the forces of inflation.

Particularly since three-fifths of the average household expenditure is made up of food articles, effective public distribution of foodgrains must form the major plank of a stabilization policy. According to one fairly careful estimate, in order to strike a blow for price stability, if initially it is decided to cater to the vulnerable sections of the community, the overall procurement of foodgrains should be of the order of 20 million tonnes each year, and a significant part of it should consist of coarse grains. To avoid subsidy, the procurement prices must also be set at a moderate level. These conditions can be fulfilled only if the government does not mind alienating certain politically influential sections. The choice is here clear-cut. Either there is stabilization or there is not; either there is control of inflation or there is not; either there is a resumption of growth or there is not; either chaos is allowed to develop in the polity or it is not. The choice is also acute: either the political system responds to challenge, or it does not. If it is not willing to accept the challenge, economists and other social scientists at the individual level might as well throw in the towel, and begin to think in terms of structural alternatives. But what is being discussed here is on the assumption that government has an adequate degree of earnestness to undertake such measures as are accepted as an inevitable adjunct of a policy of stabilization.

## *Politics and Economics of Public Distribution*

Public distribution, with a view to restoring price stability, must also encompass other essential articles of consumption besides foodgrains. Procurement will accordingly be implied for some of the other basic commodities too, including the common varieties of textiles, fuel, oil, sugar, salt, and so on. Even if market prices rule high, it might be considered desirable to commandeer a minimum stock of these commodities for supply at reasonable prices to the poorer consumers.

The loss which such an operation could involve might of course increase the bulge in the government's fiscal deficit. One alternative would be to load the deficit on the affluent sections of consumers, which could be recommended as a step in the direction of greater egalitarianism in income distribution.

But where the government is convinced, on the basis of such data as are available, for example, with either the Tariff Commission or the Bureau of Industrial Costs and Prices, that the prices being charged in the market for essential consumer goods have no relation at all to costs, it should step in and compulsorily appropriate at a reasonable price, for purposes of the public distribution system, the requisite quantity of stocks of these commodities. Care must however be taken to keep in check the cost of distribution. Heavy overheads, as in the case of the Food Corporation of India, are to be avoided. In many of these matters, again, much of the sloth is attributable to a lack of political courage and the purposive subversion of the distribution channels to serve short-term political objectives.

There should be no illusion that trying to force the pace of procurement — at reasonable prices — of foodgrains as well as of other commodities would not encounter stiff resistance. A concerted effort is likely to be launched by the rich farmers and traders to rouse the countryside against the authorities. Managing the economy or planning for growth cannot be, and is not, an isolated operation. Administrative action, economic decision-making and political judgment have to be combined in the task. Successful stabilization will be a function as much of economic administration as of political skills. A price will have to be paid in the form of, for example, alienation of special interest groups, including those who, at some point of time or other, may have been politically aligned with the ruling party. But the choice, as stressed above, is obvious. Either the ruling party opts for a policy of stabilization, which is the only hope of salvaging the economy, or it compromises and therefore hastens the nation's economic doom under existing politico-social conditions.

At the same time, stabilization cannot be achieved overnight. A rate of inflation of the order of 30 per cent cannot at one stroke be brought down to the level of zero. A number of time lags operate in the working out of an inflationary process. Even when the process is put in reverse gear, the measures will take a while to be transmitted through the different parts of the system. Certain price and cost increases will in any case have to be tolerated for the present, since by and large they are in the nature of retractive adjustments. Therefore, even with the adoption of extremely hard measures, stabilization may merely mean a slackening of the pace of price increase in the initial stage. Once this slowing down has been brought about, the next phase will be to try to proceed cautiously towards the next state, namely, stability accompanied by a resumption of growth. This will depend considerably upon what is happening with the real factors, that is, with the forces affecting the production of goods and services. The two-way relationship referred to earlier cannot in any case be wished away. Inflation can be totally controlled only if production picks up; and production can pick up only when certain steps have first been taken on the monetary, fiscal, and administrative fronts to control inflation.

## IV

### *Strategy for Industrial Growth*

Once the monetary and fiscal measures have commenced to exert an impact on prices, the focus has to shift on reactivating physical output. Leaving aside for the moment the problems of agriculture proper — and hence of the supply of industrial raw materials — the experience of the past few years strongly indicates that the major factors inhibiting overall growth of output relate to power, steel, transport, mining and fertilizer industries. There is one generic problem which inheres to each and every non-farm activity, namely, the state of labour and industrial relations. No doubt, a reasonable degree of price stability would by itself have a positive effect on the quality of industrial peace. Something else however deserves to be looked into.

In a system at least outwardly conforming to democratic norms, pressure groups are bound to emerge, among both employees and employers. It is equally true that, even given the intention to harmonize the terms and conditions of employment of workers engaged in similar types of activity, certain anomalies are bound to exist in the short run. A policy of total confrontation with labour (such as exemplified by the brutal manner in which the recent strike of the railwaymen was suppressed) could be altogether counterproductive in such circumstances. The argument that organized labour is much better placed than the unorganized masses in the countryside and therefore its demands could be brushed aside is based on a particularly weak postulate, since till now there has been little evidence of the government's adopting a similar hard line with respect to demands emanating from sections which are even more comfortably placed than industrial labour. No assurance has been forthcoming that what is supposed to be denied to labour will be ploughed back for expanding the capital stock of the community, or for ameliorating the conditions of the rural poor. It is also often forgotten that it is difficult to be selective in life: one cannot simply appropriate the advantages of industrial growth without at the same time accepting the responsibilities and liabilities associated with the emergence of an organized industrial working force.

## *Wage-Price-Income Policy*

There is a certain myopia which has afflicted official judgment in this matter. Often a minor gesture, which costs little, could pay large dividends in the way of industrial peace and rising labour productivity, so much so that additional cost would be several times made good in a short while. For example, it has been seen in some cases that by offering to pay out to the employees an extra sum of Rs 2 to 3 crores, a unit has been able to add as much as Rs 50 crores worth annually to its output. However the debate is conducted, it would be impossible to assume away the fact of organic interdependence between the different elements in the situation: if the authorities could adopt a strong stance vis-a-vis the demands of rich farmers, traders and industrialists, it could also then expect cooperation from industrial labour. Till as long as such symmetry is missing, workers will remain recalcitrant and suspicious at each attempt to restrain their incomes and earnings. It was indeed extraordinary that in the middle of 1974 the government came out with a series of measures which would freeze nearly Rs 500 crores from out of the annual wage bill of the working class; by permitting the price of foodgrains to rise by 60 per cent on the average in the preceding one year, this same government had abetted in the creation of extra income to the extent of Rs 5,000-6,000 crores for the rich farmers and traders.

The policy toward industrial labour pursued by the authorities since 1947 must therefore be generally reviewed. In official statements, there is continuous reference to the increasing 'politicalization' of labour. If the history of the development of the organized labour movement is however examined, it would be seen that much of the original culpability for this turn of affairs belongs to the government, which was determined to establish the hegemony of the ruling party in all spheres of trade union activity. Over the years, this has led to a proliferation of often unrepresentative unions and a spree of competitive wage bargaining. In addition, right from the early days, the authoritarian element has been strong in the running of the public sector industrial units. This could indeed be a legacy of the colonial past. If the objective is an era of industrial peace which could pave the way for uninterrupted production, the policy towards labour must be much more humane, much less biased and much less anomalous.

The issue of anomaly is important, for all attempts at floating a wage-price-income policy will flounder on its shoals. In the past, and often with the government's direct encouragement, certain wage agreements were entered into which widened the structure of disparities in earnings as between different groups of employees whose social productivities were however identical or alike. It would now be impossible to enforce a policy which freezes the situation. Despite obvious difficulties, there has to be a comprehensive endeavour to have an integrated wage policy for the entire organized sector, including private industry; this should, in fact, be considered an integral part of the strategy for resumption of growth. But a wage-price-income policy can be contemplated only after the authorities have succeeded in ushering in a regime of even moderate price stability, say, at least for a continuous period of six months. Disciplining the level of price thus remains the foremost task.

### *Savings and Outlays*

The technological problems facing the steel, coal, engineering, transport, power and fertilizer industries are well known. But the basic stock of skills for tackling these problems already exist in the economy. In case the other problems are resolved, the purely technical ones are unlikely to prove a stumbling block. Given the interrelation between different industries, the lack of progress in one of them has a depressing effect on each of the others, and the technicians merely watch helplessly from the sidelines.

Once industrial relations have been taken care of, the major residual problem for these industries would in fact be that of resource raising. Since the bulk of the responsibility for this attaches to the public sector, the issue of public savings once more clamours for attention. The issue has been discussed at some length in section II, but there is little harm in reiterating some of the points made. Apart from persistent price inflation, the other factors draining away public savings are the continuous draft on the Centre's finances owing mainly to the inability—or reluctance—of the state governments to tap agriculture—and the mounting defence outlay. In regard to the first of these, all one can add here is that the answer evidently lies in wide-ranging reforms in the farm sector which could weaken the political hold of the owners of bigger-sized holdings. Since, as already mentioned, it is the political issues which are predominant here, one sees straightaway the connection between the aspect of economic revival and that of political sociology.

The question of defence expenditure has become even more crucial with the explosion of the nuclear device in Rajasthan, for in the wake of the national and international developments following the explosion, the pressure to add to the defence outlay, rather than to reduce it, is likely to increase, thus further encroaching upon the resources for development. In the process, the proposition that defence and development are not contradictory objectives, but complementary ones, has been completely played out. One thus lives with the conundrum that India, which has about the lowest per capita income in the world, nonetheless indulges in one of the largest defence outlays incurred anywhere. It will be sheer hypocrisy, and perhaps worse, to claim that such an outlay does not affect the country's ability to expand productive capital stock. As sufficient options are no longer available, one must talk in terms of phased reduction in defence expenditure, if not in absolute terms, at least as a proportion of aggregate national income. This is not so difficult to achieve as is often thought of. If a firm decision has once been taken at the political level, as suggested earlier, the defence chiefs themselves could be assigned the task of implementing a phased plan for lowering the defence outlay.

### *Industrial Houses Big and Small*

While on the subject of industrial expansion, the problem posed by units belonging to the big industrial houses needs some attention. There is a genuine dilemma of policy here, for the objective of economic egalitarianism is not easily reconcilable with the unfettered conduct of activities on the part of these houses. One reason that has been adduced for allowing these units to expand, either openly or surreptitiously, was that otherwise there was the danger of a large waste of latent capital and installed capacity, which the country could ill afford. But there can hardly be any question that the big industrial houses have often exercised their dominant position to indulge in monopolistic practices, and have deliberately lowered production, or failed to increase it, all because they wanted to raise the level of prices and of profits. Such a policy of restrictive output does not at all contradict the demand on their behalf for expansion of capacity or for permission to create capacity in new directions. Capacity expansion is the mechanism by which big units establish product dominance and thus their influence over the entire range of the market. This task accomplished, such units have been known— in this country as well as elsewhere — to revert to restrictive production and trading practices.

At the same time — and here we now have the experience of the past two decades to go by — it does not make much sense, in industries where scales of technology are important, to have a number of middle-sized units in lieu of one single bigger-sized one merely to satisfy one's egalitarian conscience. The egalitarian principle served thereby is of a false nature — for example, nibbling at the Birlas in order to reward the Kilachands and the Chettiars — while productive efficiency is made to take a back seat. In such cases it might be preferable to take over these units and run them as an integrated enterprise in the public sector; compensation could be arranged through the *deus ex machina* of long-dated securities.

It would still be necessary to separate the wheat from the chaff. Many consumer goods industries have come up in the economy since independence; they have cost precious resources, including foreign exchange: even to sustain them calls for outlay of foreign exchange each year. The need to stimulate industrial output is being made the ground for further expansion and promotion of such industries. But what should be the over-riding factor in decision-making is the consideration of long-run growth. In view of the grave economic crisis the country is facing and the need to encourage the savings habit, the production—and use—of luxury goods has to be discouraged. The units producing luxury commodities should therefore be either taken over or strictly regulated by the government, and the bulk of their output be earmarked for exports. In case this is done, the capacity already established in the country will not be wasted; at the same time, neither the nation's objective of long-run growth nor its other socio-economic objectives will be adversely affected: savings will be encouraged and the country's foreign exchange earnings will also go up. On the academic plane, much discussion has taken place on the desirability of making such a policy operational, but nothing much has yet been concretely achieved, perhaps because of the class bias within the government.

### *Export and Industrial Stagnation*

The question of export promotion is vitally important. A feeling of euphoria has been deliberately promoted by the authorities that, during the past two years, India's exports have been doing magnificently. This is hardly the case. The rupee value of exports has gone up for reasons of international currency fluctuations, but in real terms the gain is altogether illusory. The country's share of world exports has remained stagnant for the past one decade. In contrast, the nearly reckless manner in which the government has been contracting foreign loans, mostly to stave off the crisis set off by the rise in oil prices, would suggest that the nation would soon be choked by the repayment burden unless export earnings picked up. Apart from highlighting the desirability of implementation of a policy of compulsory exports, this brings us back once more to the question of internal price discipline, and the curbing of inflationary forces.

One substantive reason for industrial stagnation, it must be admitted, is the drying up of private savings in a number of areas and the levelling off of demand for industrial goods because of the general economic stagnation. Surprisingly—or not so surprisingly—the source of both difficulties is the same. Since the terms of trade are being tilted continuously against industry and in favour of agriculture, the unit cost on account of industrial raw materials as mentioned above is going up; with rising food prices, there is also pressure for increasing the wage rate; where, despite the increase in unit cost, prices are not automatically adjusted upward—as could happen sometimes under a regime of administrative controls—the unit rate of profit declines, leading, other things remaining the same, to a decline in industrial savings. Even if unit prices are adjusted upwards, such adjustments in the supply prices in a few instances lead to either a levelling off, or a contraction, in the demand for industrial goods. The latter situation obtains particularly in agriculture, since the rural majority are left out of the growth process and therefore are unable to raise the level of demand for industrial goods even when agricultural output expands.

Overall industrial savings thus continue to be adversely affected. The economies of scale which, through an expansion of industrial output sparked off by an expansion of demand in the agricultural sector, could have insured a higher level of income and saving, fail to come off and the possibility that a fall in unit prices would lead to a rise in the demand for industrial goods does not mature either. However quizzical it may sound, industrial growth thus seems to be inexorably linked with the processes in agriculture.

## V

This brings us directly to a discussion on the set of measures which ought to be adopted for agriculture. It has already been mentioned that, for ensuring price stabilization, it is essential that the present mindless subsidy to the affluent agricultural farmers must come to a stop and procurement prices brought down to a level which bears some relationship to the level of costs. Imposition of direct taxes on the bigger-sized farms has also been emphasized in the context of raising additional public savings. There will be a return to this theme below, but meanwhile attention may be focussed on a number of other structural issues affecting agricultural growth.

### *Agricultural Productivity: Irrigation Plan*

It is by now obvious that the expansionary potential in the traditional *rabi* farm belt has been almost exhausted. Some scope perhaps still exists for raising the output and productivity of pulses and one or two of the coarse grains in this belt, provided new varieties of seeds could be evolved. But since, in the final analysis, all crops have to compete for the same acreage, particularly acreage under irrigation, the expansion of output in one direction might well lead to a contraction in the production of some other crops. The potential for additional irrigation too would seem to be henceforth fairly constricted in the *rabi* region. This being the case, is not the case pretty strong that, much greater attention than before needs to be given to the conditions obtaining in agriculture in the *kharif* belt, comprising mostly the southeastern parts of the country?

The most relevant matters here concern the outlay on irrigation and the tenurial and ownership arrangements. Perhaps not more than 10 per cent of the total acreage in the *kharif* region is at present served by artificial irrigation. Field experiments have established beyond any measure of doubt that, to obtain the most satisfactory yield out of the high-yielding varieties of seeds introduced under the so called New Technology, the supply of water must be properly regulated and coordinated with the dosage of fertilizers. Areas where cultivation is exclusively dependent on natural rainfall are incapable of taking to the technology in any major way, since the supply of water cannot be effectively controlled and regulated. For initiating a new expansionary phase in Indian agriculture, it is therefore essential that a revolution in irrigation is first introduced in the *kharif* too. This is no easy matter; the total sown area involved would at least be of the order of 175 million acres. Even were the technical aspects of the problem considered are manageable, the financial implication of such a huge irrigation plan cannot but be daunting. Morever, an irrigation programme of this magnitude has to be synchronized with, and dovetailed into, a parallel programme for power generation: one without the other will not make much sense, and will enormously add to the cost. At current prices, aggregate investment that would be called for to implement the irrigation plan would be as much as Rs. 10,000 to 15,000 crores. The several constraints on resources notwithstanding, this order of investment ought to be staked; it could be spread, if necessary, over a period of ten to fifteen years. In view of the organizational limitations, a phased programme of implementation would in any case be advisable.

### *Land Redistribution*

Here again, one should have no illusion about the political difficulties that are likely to be encountered. The existing bias in the country's irrigation pattern has given rise to certain second-order, but extremely sensitive, other biases, for example, in the allocation of fertilizers and seeds, in the distribution of institutional credit, in the fixation of procurement prices, and so on. Once the irrigation map of the country is drastically altered, some of these other factors, which have played a major role in determining the rate and manner of agricultural growth in the country since 1947, will also be affected. Some states and social groups will tend to lose in the process, while others are likely to experience differential gains. Those who stand to lose will make a political issue of it, and resist fiercely the contemplated changes and shifts. Again the test of political leadership will be determined by whether it will be willing and able to ride out the storm.

One now comes to the question of tenurial arrangements. Without a determined effort at land reforms, it would be impossible to associate the small farmers and landless labourers with a programme of vigorous agicultural growth. Under the existing system of tenurial arrangements in most parts of the southeastern region, big farmers as such directly cultivate only a minor proportion of the total arable land. By themselves, therefore, they will be able to initiate change in the *kharif* belt in only a limited area, and this even if irrigation is plentiful. To keep plying them with resources, such as credit and fertilizers, might be counterproductive since, in view of the fairly common practice on the part of big landholders to combine actual cultivation with moneylending and trading, the additional resources offered instead of being used to expand farm output, could actually be deployed for speculation and holding back of stocks. The task is to bypass them and reach down to the smaller tenants, including the sharecroppers, and, further, to offer a stake in the land to the millions currently without any land. True, such a reorganization of land is unlikely to provide most agricultural households with much more than two or two and a half acres of land on the average. However, once through the process of land redistribution, the *bona fides* of the authorities have been established and the power of the entrenched elements has been weakened, it should be possible to persuade the small holders to enter into cooperative farming arrangements which could usher in the economies of scale and raise productivity across the board.

Even before that stage is reached, there is at least one technological factor which suggests that land redistribution need not adversely affect productivity, at least in the paddy-growing region. The conditions governing the cultivation of paddy are altogether different from those which obtain in the case of wheat. Because of the much greater need for individual supervision for paddy-raising, a small farmer might be in a position to effect greater economies, and experience a better yield, than he would in case he was cultivating wheat. Besides, the small farmer, once his cultivating rights to the land have been formally established, should be better placed to receive special dispensation from public institutions, including banks: for example, the issue of collateral will not stand in the way.

## *Taxation and Pricing*

The agenda for agrarian reorganization cannot be considered as completed unless the taxation and pricing policies affecting agriculture are explicitly brought in. The large-sized farms have to be taxed at accelerated rates not only for augmenting public savings, but also for ensuring that production is pushed forward. The so called non-user cost of land — that is, the cost of keeping land fallow — is at present negligible, for the big farmers pay only a perfunctory land revenue, and no direct taxes worth the name. Those amongst them who have tasted the fruits of restrictive output and monopolistic pricing, indulge in the practice of keeping considerable areas of land fallow. Thereby they are able to ensure both high prices for their output and low prices for inputs such as labour; the opportunity cost of this practice is negligible. By raising steeply the level of direct taxes on land, some of the rich farmers could be forced either to raise their output, or to dispose of a part of their land.

As regards price-setting too, as already explained, if procurement prices are pitched inordinately high, the holding power of the farmer increases enabling him to hold back crop from the market, thus leading to a further rise in market prices. The evil could be scotched right at its source provided procurement prices are fixed at modest levels and other forms of subsidies to such farmers discouraged.

### *Primary Education*

While on the theme of agriculture, one feels like stressing, over and over again, the pivotal role of elementary education. This has been the most shamefully neglected aspect of whatever has gone on in the country in the name of economic and social development during the past quarter of a century. There are those who would recognize the value of primary education toward raising the productivity in agriculture: the improvement in knowledge, skills and receptivity among small famers and wage-cultiviators could indeed give a boost to farm ouput. But there is another, perhaps much more significant, consideration for promoting elementaty education among the rural poor.

Primary education could help to rouse the social and political consciousness of the downtrodden peasanty; it could be, over a period, the major instrumentality for organizing them for political action, and hasten the process of redistribution of land. Education, particularly of the elementary kind, could thus be a great liberator for India's mute millions, and at the same time also a positive force for raising farm production. It is a commentary on the state of mind of the decision-makers that in the successive exercises on the Fifth Plan, the allocation for primary education has been, among all categories, the one most severely cut.

## VI

But shall we leave off here? What about the specifics of growth, it may be asked. What about the time-bound targets of growth under a resumed process of planning? And what about a concrete programme for the reduction of inequalities in the distribution of income, as between both social groups and regions in the country? We would for the present leave these questions unanswered, and for ample good reasons. In a situation where inflation is in full cry, it is somewhat purposeless to venture to quantify the parameters of prospective growth following the restoration of stability. It is the precise nature of the stability which will define the feasible pattern of planned growth in the subsequent period. The major feasibility constraint, as discussed earlier, will be the rate of domestic savings—more particularly, public savings. And the limits to income redistribution consistent with high growth will be set by the quality and attitudes of the government. On neither can one, as of now, make any confident prognosis.

There is a common thread running through all this though. Whether it is the task of pushing up the rate of savings, or ushering in a more egalitarian economic order, the answer utlimately lies in the reform of social norms. Even where inflation has been turned back and a reasonable degree of price stabilization brought about, savings will continue to be heavily dependent upon the so called demonstration effect. It is pointless to urge the nation's majority, who are either on the verge of or below the level of subsistence, to augment savings. The effort has to be concentrated elsewhere, among groups who are relatively better off. Given the structure of time-preference, and the ready availability of a wide range of consumer goods in the economy, these groups on their own are unlikely to restrain consumption. No glamour attaches at present to a high rate of savings. Unless the pattern of production is overhauled, little will therefore be achieved through exhortations *per se.* It is only if those who declaim from the pulpit show, by their own examples, the way to higher savings that the rest could be expected to follow suit. The supreme determining element in social behaviour is what one economist had once referred to as the Isolation Paradox. In isolation, no group will be willing to do the dull job of saving more; but in case an example is set by the leaders of the community, others might be persuaded to fall in line.

### *Isolation Paradox*

Irrespective of whether the capability to save on the part of this or that social group has remained constant or has shrunk because of inflation, and irrespective of whether the position will be changed with price stabilization, it is therefore the ability of the political leadership to inspire confidence and thus persuade others to save which will be crucial. This ability will be a function of what the leaders themselves are bent upon doing, upon whether they believe in the culture of five-star hotels and in that of nepotism and featherbedding, or in honest, frugal, open and aboveboard existence.

Exactly the same issue will come to the fore on the question of eliminating the grosser inequalities in the structure of distribution of assets and incomes. The eradication of inequalities will call for a programme of taxation and subsidies across the board. Those currently enjoying more will have to be taxed at steep rates and those currently not so fortunately placed will have to be offered greater subsidies and other forms of assistance. These can be done through the fiscal and monetary mechanism but can also be done through investment, licensing and other administrative policies. A frame of policy measures consistent with the general objectives is not difficult to evolve in this area, but much more relevant and important is to implement the measures, which depends exclusively upon the institutional mould. If those in charge of the instrumentalities of the state are also the ones to be most adversely affected by redistributive policies it will demand immense perspicacity and generosity on their part to enforce these. Unless an example is set here by the most privileged groups, the other groups will not be forthcoming either. Here too, the question is one of moral persuasion and reordering of social norms.

There is little point in maintaining that persuasion will be of no avail and that punitive measures need to be deployed. For punitive instruments have also to be handled by those who control political power: unless their heart is in it, they wlll be most reluctant to wield the instruments in a manner as would erode their own class and group interests, and the impasse will remain.

A high rate of growth is a function of savings and savings are a function of the degree of success in breaking the Isolation Paradox. Similarly, the other stated goal of Indian planning, namely, greater egalitarianism, also depends largely upon the willingness on the part of entrenched social groups to give up a part of their assets, power and glory: here again, the extent of success will hinge upon our ability to meet the challenge of the Isolation Paradox—someone has to give the lead.

### *Total Overhaul*

Thus the challenges of price stabilization, accelerated economic growth and greater socio-economic equalities all merge into one, and the answer is wrapped up in a conundrum : how is it possible to persuade those who are at present entrenched in power, who control the lion's share of the nation's assets, and who appropriate for themselves a disproportionate part of existing incomes, to realize the virtues of moderation and thrift—and sacrificing what they have for the sake of others? One may talk interminably of various techniques of planning which could short-circuit the attainment of the targets delineated in, for instance, a consistency model. One may also talk, as we have been doing in the course of these notes, of short or long term priorities in planning, or alternatively, of measures promoting stabilization and other sets of measures laying greater stress on growth. But, in the final analysis, these are irrelevant categories. What matters is the willingness of those in a position to influence basic decisions in the community to undergo sacrifices on their own. Till as long as this willingness is missing, there will be no planning and no resumption of growth. In a system where altruism is a concept frowned upon in practice, beyond a point a free-for-all is bound to ensue, and the stronger elements will try to further buttress their positions vis-a-vis the weaker ones. The latter too, however, will gradually learn to organize themselves and defend their own interests. In this milieu, it would be totally futile to talk of either planning or growth; planning for growth will have to wait for a total overhaul of the socio-political structure which could make the community more homogeneous. It is only then that it would be possible to resume the necessary social function of savings, since each individual social group will, at that stage, gain about equally from it.

### *PRABHAT PATNAIK*

# *Current Inflation in India*

ANY serious explanation of the current inflation must focus attention essentially on the inflation in agricultural prices, not simply because agricultural prices have been rising much faster than industrial prices or because agriculture has such a large weight in the economy, but primarily because it is more than likely that a large part of the rise in industrial prices is itself a reflection of the steep increase in agricultural prices. An inflation in agricultural prices tends to push industrial prices upwards for several reasons. It increases industrial costs both through the rise in the prices of industrial raw materials originating in agriculture and through the rise in money wages which, even if it does not keep pace with the rise in foodgrain prices (so that real wages decline) does occur during such periods. Furthermore, with rising money wages public expenditure in money terms has to increase so as to meet a given real expenditure target; to finance this increased money expenditure the government resorts among other things to higher indirect taxes, notably excise duties, which also raise industrial costs. If industry generally follows a prime-cost-plus policy, these increased costs are passed on in the form of higher industrial prices. Besides, higher agricultural, especially foodgrain prices usually imply a cutback in the demand for industrial goods, both because of a switch of expenditure from industrial mass consumption goods to food, and also because of the relative restriction of public spending which ensues during such periods.[1] If there is a substantial slackening of demand in the industrial sector, firms may increase their mark-up, with a view to "protecting overheads"[2]; whether this increase succeeds in actually "protecting overheads" or not, it can be an additional factor stimulating an inflation in industrial prices in response to an agricultural price inflation. All these mechanisms for transmitting inflation from agriculture to industry have been operative in India recently, including the one last mentioned.[3] This is not to deny that other autonomous factors like the sharp increase in prices of domestic and imported non-ferrous metals, the increased exports of sugar, the shortfall in output in certain sectors owing to power shortage, and more recently the increased oil prices have also contributed to the industrial price rise: but when agricultural prices have been rising as steeply as in recent months, some significant increase in industrial prices is inevitable, and given the overall order of increase in industrial prices, this "some" may well in fact constitute a large part of the total increase. Consequently, we shall make agricultural price inflation the central theme of this article.[4]

## *The Why and Wherefore*

The official explanation for the sharp increase in agricultural prices, as set out for example in the government's *Economic Survey* centres around three main points: (1) the performance of the agricultural sector has been consistently disappointing after 1970-71; (2) had this been accompanied by a ruthless cutback in monetary demand the order of price inflation could have been moderated: instead there has been a continued expansion of monetary demand reflected for example in the abnormally high levels of budget deficits in recent years; (3) both these factors together with such other exogenous causes as the disruption of market arrivals of wheat in a poor crop year, following the takeover of wholesale trade, not only resulted in a sharp price increase, but also created inflationary expectations which by inducing increased hoarding accentuated the price increase.[5] These three basic factors of course operated within a context where the country could not import its requirements easily. This line of reasoning is confined not only to the *Economic Survey*; it appears frequently in discussions on inflation in the popular press as well. Let us examine its validity.

It seems clear now that notwithstanding all the talk of a "Green Revolution", agricultural growth has markedly slowed down in the recent years; indeed it is not a matter of a few consecutive bad harvests after 1970-71, but a distinct deceleration in the trend rate of growth in agriculture. For example if we fit a semi-logarithmic trend to the indices of agricultural production (suitably "linked" to form a continuous series) for the years 1947-48 to 1964-65 and then extend it for the years after 1964-65, we find that the actual production in all subsequent years including the peak year 1970-71 falls below the extrapolated trend values. Objections can be raised against this exercise; but other exercises give similar results. If we compare three year averages centred around a peak agricultural year, we find that the growth rate of agricultural production over 1952-55 to 1959-62 was 3.0 per cent, while for 1959-62 to 1969-72 it was 2 to 4 per cent.[6] For foodgrains alone, extrapolation from a semi-log trend fitted to data in terms of million tons over 1947-48 to 1964-65, shows likewise that all subsequent years apart from 1970-71 experienced levels of production well below the corresponding trend values. The three year average comparison gives a slightly stronger result: the growth rate over 1959-62 to 1969-72 was marginally lower at 2.7 per cent compared to the rate for 1952-55 to 1959-62 (2.8 per cent). Recalling the fact that it is now officially admitted that 1970-71 foodgrain output level was exceptionally high owing to fortuitous factors,[7] we can affirm that, whatever be the precise dating of the deceleration, there has been such a deceleration in agricultural production generally, and arguably even in foodgrain production in recent years, even when the 1972-73 and subsequent year's output figures are left completely out of account. It would follow then that if other things remained the same, the economy should have experienced a faster rate of inflation over any agricultural cycle in the seventies than over a corresponding cycle earlier; further in so far as 1972-73 represented an unusually sharp drop in production, the rate of inflation should obviously have been faster. The official explanation therefore appears to have strong support, stronger even than what is claimed for it by its advocates who do not sufficiently emphasize the fact of growth rate deceleration.[8]

### *Public Spending*

But the crucial question is: have other things remained the same, has demand continued to grow as before ? In particular, what can we say about the pressure of demand during and since 1972-73 ? It is well known that since 1965 the rate of industrial growth has slowed down considerably more markedly in fact than the rate of agricultural growth: while over 1951-65 a semi-log trend fitted to the indices of industrial production gives a trend growth rate of over 7 per cent, only in one subsequent year has the point growth rate exceeded this level. Besides, this deceleration has shown itself especially clearly in case of the agro-based industries. Thus the demand for agricultural products originating from industrial expansion has not grown so far out of step with agricultural growth as to explain this rapid inflation; this is also true for the period after 1972-73.[9] Any expansion in demand therefore must be attributed to the demand emanating from the non-industrial sector, for example war expenditure, public works projects and so on. To assess the importance of these we have to look at the government budget; indeed the official explanation emphasizes the role of persistent budget deficits. It should be noted however that it is not the deficit as such but the overall level of public spending releative to agricultural, especially foodgrain, production that is crucial here. If increased public spending is matched by taxes which merely transfer private savings to the government, or release non-agricultural commodities, then even a balanced budget may have inflationary consequences. No doubt if this spending is financed by a budget deficit which does not involve such a transfer of savings, this may have important secondary consequences; but these, operating through the relatively faster rise in private wealth, may assume significance only over a somewhat longer period than we are concerned with here, unless we invoke the role of budget deficits in providing the wherewithal for speculation. We shall return to this later, but in analyzing the growth of non-speculative demand we have to look chiefly, if the period under discussion is small, at the overall growth of public spending.

### TABLE I

Public Spending, Net Availability of Foodgrains and Wholesale Prices 1960-1 to 1972-3

| Year | Net Availability of Foodgrains (in tonnes) | Total Disbursements of Central & State Govts (Rs. Cr.) | Index of Wholesale Prices of Foodgrains | (1961-2=100 All Commodities) |
|---|---|---|---|---|
| 1960-1 | 70.85 | 2917 | 102* | 99.8* |
| 1965-6 | 84.59 | 5842 | 154 | 131.6 |
| 1966-7 | 73.50 | 6812 | 183 | 149.9 |
| 1967-8 | 73.87 | 6974 | 228 | 167.3 |
| 1968-9 | 86.82 | 7373 | 201 | 165.4 |
| 1969-70 | 85.65 | 8098 | 208 | 171.6 |
| 1970-1 | 89.52 | 8847 | 207 | 181.1 |
| 1971-2 | 94.33 | 10511 | 215 | 188.4 |
| 1972-3 | 96.24 | 11942 | 248 | 207.1 |

*Estimated

NOTES: (1) The price index relates the average of weeks. (2) Net availability=Net production in the preceding agricultural year + Net imports - Change in govt. stocks (3) Disbursement figures for 1972-3 relate to revised estimates.

SOURCES: *Economic Survey 1973-4*, *Economic Survey 1968-9*, *Report on Currency and Finance, 1972-3* and *1970-1.*

Here we come to an important question which has caused much confusion. If prices are going up, whatever the reason, and the government wishes to maintain its spending in real terms, its money expenditure must correspondingly increase; from this however we cannot conclude that the price rise stems from increased public spending. Thus a high correlation between public spending in money terms and the price level does not necessarily tell us anything about the direction of causality. It may of course be the case that, whatever the cause of inflation, a cut in money spending may be a useful corrective device; but for a proper understanding of the inflationary process we still have to identify its causes, and to single out public spending just because it increases during inflation may be misleading. If increased public spending relative to increase in output is the real reason behind inflation, then one would normally expect a faster increase in public spending than in prices; in other words the money-spending-causing-inflation hypothesis would appear somewhat more plausible if the real level of public spending is increasing relatively rapidly. Has this been happening in India? Between 1965-66 and 1972-73 the total outlay of central and state governments increased in 'real' terms, that is, when deflated by the index of wholesale prices by only about 40 per cent while between 1960-61 and 1965-66 the real increase was of the order of 70 per cent; thus along with the deceleration in agricultural growth there has in recent years been an even more marked deceleration in real growth of public spending. We cannot therefore attribute the price explosion since 1972 to any cumulative effects of growing public spending in the face of disappointing agricultural growth. Could it be however that even though the cumulative impact may have been negligible, there was a specific upsurge of public spending since 1972-73. Let us consider the individual years 1972-73 and 1973-74 in some detail.

### *Farm Output*

Total availability of foodgrains was the highest in 1972-73 since independence: yet the current wave of inflation began in the middle of 1972. Between May 1972 and December there was roughly a 2 per cent per month increase in foodgrain prices; a part of this of course was the seasonal rise but a large part was clearly additional and presaged the explosive inflation. Public expenditure, both current and capital, increased by about 13 per cent compared to 1971-72, but (1) the increase in real terms being much smaller we are again left with the problem of identifying the direction of causality, and (2) a substantial part of the increase was to promote production through a crash *rabi* programme to curb rather than accelerate inflation. [10] That the increase in spending may not have been the crucial causal factor is borne out if we compare 1966 with 1972. Despite a similar increase in public spending in money terms over the previous year we find similar increase in prices even though per capita net availability in 1972 was much higher than in 1966.

Perhaps it was not the expenditure in 1972 which was responsible for the inflation in 1972 but that incurred in 1971 on the Bangladesh war. [11] This however seems to be an argument of convenience; in general economists who have explored the quantitative movements of prices have assumed—as we have implicitly done—that while agricultural output comes to the market with a lag, public spending in a given year affects output and prices in that year itself. [12] Why should we suddenly postulate a longer lag in the effects of public spending being felt by the economy? Besides, if this lag was crucial then the stability and seasonal fall in the earlier part of 1972 will become difficult to explain. Similarly it may be argued that the lag on the supply side has been overestimated: that the poor crop of 1972-73 affected prices even though the previous year's crop on which net availability is calculated was very large. Then again we have to explain why prices continued to increase so sharply in 1973-74 which saw a fairly good crop and reduced public expenditure. Whatever twists and turns we introduce into the demand-supply argument, it performs badly; if it explains one thing, it fails to explain another. On the whole it seems necessary to look for some other basic factors which account for this persistent upward drift in prices in general and foodgrain prices in particular.

## II

If the magnitude of price increase has been greater than warranted by overall demand-supply considerations, then the level of stock-holding in the economy must have been going up. Several writers, notably Ashok Mitra, have emphasized that there has been a relative shift from productive to speculative activities in the economy, especially the agricultural sphere, recently.[18] The question which arises here is: how can we explain this shift? Economists like K N Raj had argued that in the fifties and early sixties speculative stock-holding was of little significance in explaining

TABLE II

GROWTH RATES OF FOODGRAINS OUTPUT, BY STATE, 1952-55 TO 1969-72

| State | Annual Compound Growth-rate 1952-55 to 1959-62 | Annual Compound Growth-rate 1959-62 to 1969-72 |
|---|---|---|
| Madras | 4.7 | 2.5 |
| Punjab | 3.7 | 8.0 |
| Gujarat | 0.05** | 7.4** |
| Mysore | 3.2 | 2.9 |
| Rajasthan | 3.8 | 3.4 |
| Maharashtra | 2.5 | -1.2 |
| Kerala | 4.4 | 1.8 |
| Madhya Pradesh | 3.2 | 1.6 |
| Bihar | 2.7 | 1.1 |
| Andhra Pradesh | 3.2 | 1.1 |
| Uttar Pradesh | 1.3 | 2.8 |
| Orissa | 1.6 | 1.0 |
| Assam | 0.6 | 1.3 |
| West Bengal | 0.3 | 3.8 |
| All India | 2.8 | 2.7 |

** Gujarat figures should not be taken too seriously as they are highly sensitive to the choice of end-points.

SOURCE: S K Rao and P Patnaik, "Some Aspects of Agricultural Development in Post-independence India", unpublished.

foodgrain price movements in India.[14] What has happened recently to make that hypothesis untenable? The answer lies perhaps in the very nature of agricultural growth during the sixties; this has led to a regionwise, cropwise and classwise concentration of production. Let us examine each of these features in turn.

The total output of foodgrains between 1964-65 and 1970-71 (two agricultural peak years) increased by 18.8 million tons for India as whole; about half of this increase, 9.7 million tons, came from only three states, Punjab, Haryana and Uttar Pradesh. By contrast,states like Andhra Pradesh, Assam, Bihar, Kerala,Madhya Pradesh, Maharashtra and Orissa showed either insignificant increases or even absolute declines in foodgrains between these dates. Thus even if the growth of foodgrain output was not markedly slower than in the fifties, it appears to have been highly concentrated in a small region. Table II presents more elaborate data on statewise growth of foodgrain production over the periods 1952-55 to 1959-62 and 1959-62 to 1969-72. Three-year moving averages are taken at end-points to smooth out fluctuations: the picture revealed is essentially the same. For the latter period, the all-India growth rate was held up by the growth rate in Punjab and Haryana with Uttar Pradesh making a tremendous improvement over its earlier performance. An interesting aspect of the picture is the remarkable increase in West Bengal's growth rate; while there has undoubtedly been some increase, its order of magnitude is still a matter for debate and there is some doubt if West Bengal's data are very accurate. Nevertheless the fact remains that growth in the sixties was highly regionally concentrated in a small and more or less continuous belt.

## *Shifts in Graingrowing*

Correspondingly there has of course been a cropwise concentration of production. Between 1960-61 and 1970-71, while total foodgrain output increased by about 26 million tons, almost half of this or 13 million tons was the increase registered by wheat alone. If we take 1971-72 as the endpoint, the share of wheat in the total increase jumps dramatically to about 60 per cent. Over the same period the absolute output of pulses and jawar actually declined, while that of rice increased by about 8 million tonnes. At the same time, the output of non-food grains has increased very slowly; for the decade it rose only by 23 per cent, while for the decade 1950-51 to 1960-61, its increase was of the order of 45 per cent. Thus the remarkable feature of agricultural growth in the sixties is its excessive reliance on wheat. Bajra has contributed to this growth, as have other cereals, in a minor way until 1970-71, but after that date their output has fallen so sharply that it is difficult to be certain about the strength and magnitude of their trend growth rates (Table III).

This regional and cropwise concentration itself would normally involve in so far as the average holding size is larger in Punjab and Haryana than in the rice belt, a concentration of production in the hands of the upper stratum of peasantry; in addition however there has been such a concentration even in the slowly growing regions. This is in keeping with the government's agricultural strategy of the sixties with its emphasis on the provision of inputs and incentives, necessarily to a limited number of 'progressive' farmers; and whatever scattered evidence exists appears to bear this out. In Frankel's cursory study for example of districts like Burdwan, Thanjavoor and West Godavari in the relatively slowly growing states, private irrigation from wells appears as a major factor behind growth in the sixties; since well irrigation either financed by own savings or borrowed funds is necessarily confined to the well-to-do farmers who also are creditworthy, they have been the major beneficiaries from growth.[15] Even apart from their greater ability to intensify cultivation, there also appears to have been a growing concentration of operational holdings in their hands; through eviction of tenants, expropriation of tribal land and land purchase, the share of land operated by them is likely to have increased in the sixties. Hence for both these reasons the relative concentration of output under their control has increased; the process may well have begun during the fifties, it has accelerated during the sixties.[16]

TABLE III

FOODGRAIN PRODUCTION DURING THE SIXTIES AND AFTER

(Million tonnes)

| | 1960-1 | 1965-6 | 1968-9 | 1969-70 | 1970-1 | 1971-2 | 1972-3 |
|---|---|---|---|---|---|---|---|
| (a) | | | | | | | |
| Cereals | 69.59 | 62.40 | 83.60 | 87.81 | 96.60 | 94.07 | 85.71 |
| Rice | 34.60 | 30.59 | 39.76 | 40.43 | 42.23 | 43.07 | 38.63 |
| Wheat | 11.00 | 10.39 | 18.65 | 20.09 | 23.83 | 26.41 | 24.92 |
| Jawar | 9.90 | 7.58 | 9.80 | 9.72 | 8.10 | 7.72 | 6.44 |
| Bajra | 3.29 | 3.75 | 3.80 | 5.33 | 8.03 | 5.32 | 3.80 |
| Others | 10.81 | 10.09 | 11.58 | 12.24 | 14.42 | 11.56 | 11.92 |
| (b) | | | | | | | |
| Pulses | 12.73 | 9.04 | 10.42 | 11.69 | 11.82 | 11.69 | 3.49 |
| Total | 82.33 | 72.35 | 94.01 | 99.50 | 108.42 | 105.17 | 95.20 |

SOURCE: *Economic Survey 1973-4.*

## *Stock-holding Propensity*

Let us turn now to the implications of this growing regionwise, cropwise and classwise concentration for the inflationary process. If growth is confined to one region while others experience relative stagnation, this implies (1) that any marginal shortfall owing to a general crop failure creates acute scarcity in the stagnant region pushing up prices, and (2) farmers in the growing region seeing prices rising in the stagnant region expect a general rise in prices and delay their sales; the tendency towards stock-holding is greater than if growth had been evenly spread, so that the marginal shortfall would have raised prices moderately all around rather than sharply in one region. This greater tendency towards stock-holding results in fact in a general rise in prices; expectations become self-fulfilling. Similarly, if growth is confined to a few crops while others experience a relative stagnation, any marginal shortfall in the latter's output increases prices sharply, producers of the surplus crop expect a general price rise, hold back sales, accumulate stocks and in fact generalize the price increase. Similarly, if growth is confined to richer farmers—landlords and the upper stratum of the peasantry—who, possessing a greater holding capacity, time their sales by looking at the trends of business, any marginal shortfall has a greater immediate impact on the market. The rich farmers seeing the price rise, hold on to stocks and accentuate the price rise. In each case therefore increased concentration implies that inflationary expectations are more easily aroused and hence a greater tendency towards stock-holding and a correspondingly greater inflationary tendency. Furthermore these three different cases are mutually additive; the effects flowing from them, far from cancelling each other, tend to strengthen each other. Marginal shortfalls are not only likely to arise frequently in sluggish regions and sluggish crops, but through their effects on expectations lead to greater stock-holding locally and in the faster growing regions and crops. Thus the all round uneven development has a built-in inflationary bias.

## *Inflationary Expectations*

So far we have left the government out of account. If the government could counteract this spontaneous tendency of the market, through for example, an effective public distribution system, it not only could mitigate the suffering caused by inflation, but could perhaps even limit the inflationary process itself. The effects of increased concentration in private production could be eliminated through active public participation in distribution. It could impound surpluses from faster growing regions to eliminate the occasional deficits in stagnant regions, and thereby strike at the very roots of inflationary expectations. But its policy has had precisely the opposite effect of strengthening inflationary expectations. In case of shortfalls in stagnant regions for example, government policy is aimed at providing drought relief without a corresponding tightening of the mechanism for appropriating and distributing the available foodgrain surplus. Economists like Ashok Mitra have argued that the so called relief expenditure has itself been used by richer farmers to finance their hoarding.[17] Even if we hesitate to accept this conclusion, we must recognize one inevitable implication of government policy : providing purchasing power to drought victims, though itself laudable, necessarily operates through the mechanism of raising prices—a fact which the *Economic Survey* itself admits—and hence strengthens inflationary expectations all around. Interestingly as Table IV shows, there has been a steady growth in such relief expenditure in recent years, which is both a proof of the frequency of droughts in stagnant regions and a cause of inflationary expectations locally and elsewhere. Similarly, when the *kharif* harvest has fallen, government policy has been to initiate crash programmes for improving the *rabi* crop. Quite apart from the success of such programmes, and even if we have reservations about Mitra's argument that the cash for such programmes has also financed hoarding rather than extra production, the very initiation of such programmes is a notice given by the government about the direction in which it expects prices to move. If such subsidies are not accompanied by stricter procurement as a quid pro quo, even if they succeed in raising output, much of it will be hoarded as inflationary expectations are strengthened by them.

TABLE IV

EXPENDITURE ON FAMINE RELIEF 1966-67 TO 1973-74

| Year | Total Expenditure (Rs. cr.) |
|---|---|
| 1966-67 | 78.00 |
| 1967-68 | 87.00 |
| 1969-70 | 159.87 |
| 1970-71 | 106.16 |
| 1971-72 | 144.50 |
| 1972-73* | 316.55 |
| 1973-74** | 279.15 |

* Revised Estimates
** Budget Estimates

SOURCES: *Reports on Currency and Finance*, Reserve Bank of India.

Faced with inflation the government has also reacted, and this is of crucial importance, by raising the procurement price to acquire greater supplies for the public distribution system. Where there is no compulsion about procurement, a typical surplus-producer is faced with a choice between selling to government and selling in the open market. If prices are raised in one market where the government is the buyer, he is likely to expect a corresponding rise in the other market; he therefore sells neither to the one, nor to the other and decides to wait. This very postponement of sales implies larger hoarding which pushes up free market prices without yielding more supplies to the government. In other words, even if there were no other factors strengthening inflationary expectations, this particular part of government policy designed to moderate the impact of inflation would have the perverse effect of accentuating the impact. Under its influence, even the most uninformed rich farmer will develop inflationary expectations.

To summarize the argument: the very unevenness of development tends to create inflationary expectations anyway; government policy designed to counteract inflation, in so far as it operates not by abrogating the free market but by competing against it and therefore in a sense through it, has the perverse effect of merely strengthening these expectations. Thus the nature of agrarian development during the sixties, and the operation of government's anti-inflationary policy have been the two most potent factors behind the current inflation, which have raised foodgrain prices much above what simple global demand-supply considerations would have warranted.

## III

So far we have made somewhat general assertions; let us see if there is any empirical basis to these. One preliminary point needs to be clarified: the demand for foodgrains in the short run is relatively price-inelastic not in the Marshallian ex-ante or "iffy" sense[18], but in an export sense. If foodgrain prices increase, consumers adjust their expenditure pattern and divert spending from other avenues or borrow, or demand wage increases, all with a view to maintaining their "real" purchases of foodgrains. Of course if the price rise continues, if wages do not increase correspondingly, if further borrowing beyond a point becomes impossible and if foodgrains already absorb so large a proportion of the incomes of the bulk of poor consumers that any further diversion of spending from other avenues becomes impossible, large numbers of consumers would simply not be able to maintain their real purchases, and hence face starvation. But until this limit is reached—and where and when it is reached is difficult to define—a price rise for a few years initially will not affect demand so very drastically. It follows then that price rise for a few years, for example over the period we have witnessed it, can be sustained without too large an accumulation of stocks; conversely a relatively small stock accumulation can bring about a sharp price increase. No worthwhile estimates

TABLE V

MONTHLY INDICES OF WHOLESALE PRICES OF RICE AND WHEAT

(1961-62=100)

| | 1971 | | 1972 | | 1973 | | 1974 | |
|---|---|---|---|---|---|---|---|---|
| | Rice | Wheat | Rice | Wheat | Rice | Wheat | Rice | Wheat |
| January | 190 | 212 | 199 | 219 | 228 | 245 | 294 | 245 |
| February | 192 | 211 | 201 | 219 | 236 | 249 | 302 | 248 |
| March | 194 | 210 | 204 | 218 | 241 | 237 | 318 | 250 |
| April | 197 | 205 | 211 | 207 | 247 | 216 | 337 | 295* |
| May | 200 | 201 | 217 | 203 | 254 | 213 | 346 | 356 |
| June | 203 | 200 | 222 | 207 | 262 | 211 | 356 | 347 |
| July | 208 | 200 | 232 | 212 | 272 | 212 | 370 | 363 |
| August | 213 | 205 | 242 | 218 | 287 | 212 | 389 | 380 |
| September | 214 | 206 | 245 | 216 | 285 | 212 | | |
| October | 210 | 205 | 243 | 218 | 289 | 212 | | |
| November | 205 | 210 | 234 | 222 | 295 | 237 | | |
| December | 196 | 211 | 224 | 232 | 286 | 245 | | |

* The index for wheat has been revised with effect from the week ending 20 April 1974 on the basis of issue rate for the eight urban centres and wholesale market price quotations for the remaining fifteen centres.

SOURCES : *Reserve Bank of India Bulletins.*

of hoarding are available for the country; a figure of 3 million tons has been suggested recently which may be an underestimate, but the stock figure need not be large, and the motives for hoarding suggested above should not be dismissed on the grounds that they may have only a marginal impact on hoarding, incapable of explaining the phenomenal increase in prices.

### *Price Support Programme*

One way in which a demand-supply imbalance may be expected to manifest itself is through the amplitude of seasonal fluctuations. Years in which supply of a particular crop falls short should have a lower seasonal dip than years in which supply is abundant. Looking at the monthly price data for rice and wheat however, we find a curious picture (Table V). While in the 1971-72 crop season, the drop between the September peak and the December trough for rice was about 9 per cent, in 1972-73 the drop between September peak and December trough was of the same order; yet the rice output in 1972-73 at 38.6 million tonnes was far below the 1971-72 level, which was a peak output of 43.1 million tonnes. This anomaly cannot be explained, we have suggested earlier, by the mere fact of the Bangladesh war. The war coming in late 1971 coincided with falling rice prices; if war expenditure was a crucial factor, one might have expected a swift reversal of the seasonal fall. Yet a noticeable increase in rice prices did not come until April 1972, which suggests that it was not the war *per se* nor the short period stock accumulation in response to the war that was at work, but perhaps stock accumulation with somewhat longer-term consideration in view. Only if this hypothesis is accepted can we explain the seasonal drop in the poor crop-year 1972-73: the earlier accumulation led to a decumulation in December 1972; why this happened we shall discuss in the last section.

For wheat too we find that while the drop between the January peak and the May trough in 1972 was just over 7 per cent, the drop between the February peak and the June trough was about 15 per cent in 1973 and yet while 1971-72 was a peak output year with 26.4 million tonnes, 1972-73 witnessed a fall in output to 24.9 million tonnes. One can again advance the hypothesis that the perverse behaviour is attributable to stock accumulation in 1972, some of which was decumulated in 1973 for reasons we shall discuss later. But the fact of stock accumulation in 1972 is undeniable for wheat as indeed for rice; indeed there is abudant additional evidence to support this claim for wheat. To ease the price rise of foodgrains which developed in 1972, the Food Corporation of India started free market sales of wheat; this together with the record 1971-72 harvest should have stabilized wheat prices at the very least, yet after May wheat prices continued to increase and in December stood 15 per cent higher than in May, clearly a result of considerable speculative hoarding in 1972.

How can we explain this speculative hoarding in 1972? Clearly the

Bangladesh war would not do as an explanation; nor can we point to the actual price increase over the year because this to a large extent was the very result of hoarding. Perhaps two factors were crucial here: (1) the government's support policy introduced from the mid-sixties created a situation of "one-way bet", especially for wheat. Since the government was ready to step in to the market and support wheat prices even above the declared minimum support price, hoarders were strengthened in their belief that even if higher price expectations were not realized they could always sell to the government without making a loss; if such expectations were realized of course, they stood to gain. This "heads I win, tails you lose" situation emboldened hoarders. (2) Even though both wheat and rice harvests for the 1971-72 crop year were high, the output of other food grains suffered a setback: even in case of rice despite an overall improvement, several states like Andhra Pradesh, Orissa, Tamil Nadu and Maharashtra witnessed a stagnation or absolute decline in output. Inflationary pressure therefore developed in pockets; but inflationary expectations began to be held generally. These were of course strengthened when the 1972-73 *kharif* crop was hit by drought and the government initiated a crash *rabi* programme.

To summarize: government support programme from the mid-sixties had created a situation of "one way bet", where hoarding at the first signs of inflation was almost inevitable. Such signs appeared in 1971-72 in specific pockets but created inflationary expectations all around, so that even crops like rice and wheat where record harvests were raised, witnessed price increases much larger than what one might have expected from simple demand-supply considerations.

## *Procurement Policy*

If this was the genesis of inflation, how can we explain its continuance—not so much in 1973 as in 1974. The 1973-74 foodgrains output figure appears to have been around 103 million tonnes; a rise of 8 million tonnes over the previous year may not bring a raging inflation to a halt, but it could nevertheless be expected to slow down the price rise. Yet the price rise appears to have accelerated until September this year, when clearly demand cannot be claimed to have been buoyant. A new factor has entered the picture here: the government's procurement policy for 1973-74. In October 1973, the procurement price for standard paddy was raised from Rs 54 to Rs 70 per quintal, for bajra from Rs 60 to Rs 72, and for jawar, maize and ragi from Rs 57-58 to Rs 70; similarly in November 1973 the new support price for wheat was raised to Rs 85 per quintal or standard red Mexican variety compared to the procurement price of Rs 76 in 1972-73. Simultaneously issue prices were raised all around. This strategy of "remunerative prices' coming at a time when the harvest was relatively good, not only strengthened inflationary expectations that might otherwise have sagged, but even failed miserably in achieving much greater procurement. Rice procurement no doubt increased to 2.5 million tonnes over October 1973-January 1974 from 1.49 million in the corresponding period a year earlier, but much of it was from Punjab and Haryana. Procurement of coarse grains over the same period was only 2.61 lakh tonnes—an improvement no doubt from the 1.24 lakh of the previous year, but the output had increased considerably meanwhile; and the target for 1973-74 was 1.6 million tonnes. That the so called new strategy had an inflationary effect is now conceded by the government itself[19]: indeed the government's acceptance of the Agricultural Price Commission's recommendation this year not to raise kharif procurement prices markedly is itself an implicit admission of the folly behind the so called new strategy.

It would appear therefore that the sharpness of the current inflation is due mainly to increasing stock-holding, a tendency attributable to the uneven nature of recent agricultural development and to government policy. Different elements may be isolated as being crucial in causing or sustaining inflation in different periods—as we have done in this section—but they are reducible to these two main factors whose mode of operation we discussed generally in the last section..

## IV

### *Political Milieu of Development*

Both these factors in turn must be seen not as accidental phenomena but as necessary outgrowths of the very process of development pursued in India. A country pursuing the capitalist path of development with a broad framework hitherto of bourgeois democracy and late in the day when it had no access to colonies, found that agricultural backwardness imposed restrictions on the growth of industrial capitalism.[20] At the same time the political milieu within which capitalism was sought to be developed was an alliance between the bourgeoisie and the landlords, again the very lateness of capitalist development making such an alliance, rather than a frontal attack on landlordism, necessary for the survival of the bourgeoisie. To break the fetters imposed by agricultural backwardness on the growth of industrial capitalism, the only solution possible within the political milieu was to encourage from above the growth of agricultural capitalism within which technological change could be promoted; indeed the entire thrust of post-independence agrarian policies including the limited land reforms, provision of inputs, price subsidies and so on has been towards persuading the landlords and the upper sections of the peasantry to shift to direct cultivation based on wage labour and adopt new methods of production. Not surprisingly however, this attempt to get over one contradiction has resulted in the emergence of another, even graver contradiction. The promotion of agrarian capitalism and technological change has had differential impacts on the different parts of the country involving different crops. The growth of the different types of concentration mentioned above has been a necessary outcome of this strategy.

Furthermore this very growth of the landlords and sections of the rich peasantry has progressively circumscribed the range of options available to state policy. Given the vital importance of agriculture, anything which jeopardizes the limited growth achieved recently has been ruled out; given the growing importance of landlords and sections of rich peasantry, anything which affects them adversely has been considered as potentially jeopardizing agricultural growth. Consequently, what was feasible earlier appears unfeasible now: the element of compulsion which characterized the procurement effort during the disastrous drought years of 1965-66 and 1966-67 appears an impossible thing to introduce even during this severe inflation. Meanwhile a ratchet effect has been introduced into agricultural prices and the rate of profit in agriculture; as prices, and hence the rate of profit, have increased, the new levels have become the acceptable ones and any reduction in these has been considered as jeopardizing agricultural growth. The overall movement has been only upwards; when output has been relatively high, prices have not come down, but instead have often been maintained at the previous peak level, as for example, until 1972. When output has been poor even in pockets, or more generally all around, prices have soared upwards, far above what demand-supply considerations would have dictated, as for example since 1972. Thus behind the two proximate factors mentioned in previous sections lie the basic contradictions involved in promoting capitalism late in the day in a country without colonies to exploit and having a formal structure of bourgeois democracy.

Every crisis of course necessitates a certain reorganization of the economy and the polity. Whether this reorganization in India is going to take the form of a jettisoning of bourgeois democracy, or a jettisoning by the bourgeoisie (for whom the slowing down of industrial growth, itself, as we shall briefly argue later, a consequence of rising food prices, is not palatable) of the alliance with landlords in favour of some new rural partners, or a jettisoning by the other groups of the bourgeois-landlord alliance itself, remains to be seen.

## V

## *Where It Hurts*

What has been the impact of this inflation on the different social groups? We shall not discuss this question exhaustively within the confines of this article; the purpose here is rather to remove certain misunderstandings on this issue. One quite common misunderstanding is that since food prices have risen faster than other prices, the entire agricultural sector has either benefited, or at any rate remained untouched by the inflation. The fallacy underlying this argument has been emphasized by Ashok Mitra in several of his writings.[21] Not only is the bulk of cereal consumption of landless labourers purchased from the market; but it appears from NSS data that even upto 50 per cent of such consumption by small peasants (those operating upto five acres of land) is also likewise bought from the market. A rise in market prices of cereals then adversely affects both landless labourers whose money wages are likely to be far more sticky than of even industrial workers, and small peasants who are not buyers from the market. Even the part of labourers' wages which is paid in kind is likely to undergo a qualitative if not quantitative worsening during an inflationary period; if a landlord committed to providing a daily meal to his labourers finds rice prices increasing in the market he may both skimp on the amount of rice he provides daily, or switch to providing inferior varieties. The notorious case of Kesari dal may be recalled here. While much detailed research is necessary in the field to establish who exactly gains and who loses, it appears undeniable that the bulk of the rural population suffers from a food price increase; consequently writings on India which prefer a rural-urban dichotomy to a class dichotomy are really inappropriate.

### *Real Wages*

A second misunderstanding relates to industrial workers. Here it is not doubted that with unchanged money wages, rising foodgrain prices severely hurt the working class; but the argument is that money wages have been increasing *pari passu.* Indeed a recent document published by the Labour Bureau claims that money wages have risen faster than prices between January 1969 and January 1973: while money wage increase has been 34.8 per cent, that of the consumer price index has been 23.5 per cent.[22] Even if this were true, little can be inferred about real wages today from this, since prices have risen astronomically since January 1973; besides even the veracity of this claim is open to doubt. The Labour Bureau's index of wage rates shows a 16.3 per cent increase between 1969 and 1971, while for the same period (later figures are not available) the index of money earnings of factory workers published by the Indian Labour Statistics (1973) shows an increase of only 5.8 per cent. This discrepancy alone is almost equal to the claimed increase in real wages over 1969-73. Thus even if we confine attention to the period up to January 1973 and also ignore the well-established fact that the consumer price index understates the impact of price increases, it is far from clear that real wages of industrial workers have increased since January 1969. Furthermore it is possible to show that real wages today are probably no higher than in 1939; though this exercise falls outside the scope of this article, given the contentiousness of the subject, it is perhaps worth attempting.

While no continuous or comparable real wage series exist for the entire period or its different sub-periods, we have a great deal of scattered information which can be pooled together by making some heroic assumptions to give a rough overall picture. For 1939-1951, while an official series suggests an eight per cent fall in real wages, a private estimate by Palekar shows that real wages were roughly the same at the two end-points.[23] For 1951-64, the National Commission for Labour's data show that with 1951=100, real wages of factory workers earning less than Rs 200 per month increased to 124 in 1966 and declined thereafter to 116 in 1961.[24] For factory workers earning less than Rs 400 per month, the Indian labour annual data show that with 1961=100, real wages fell to 97 in 1965 and 91 in 1966;[25] there was a rise thereafter but it has been estimated that the 1961 level was probably reached only around 1970.[26] Even if we assume that real wages in January 1969 were already at the 1961 level, the argument of the previous paragraph would suggest that real wages were about the same in January 1973 as in 1961. Now if we assume that the real wage movements of the different segments of the working class for which data exist in the different periods were roughly representative for the working class as a whole in each period, then we can say that the January 1973 level was about 8 to 16 per cent above the 1939 level. But the price rise until July 1974 over the monthly average level for January 1973 was itself about 40 per cent while the rise in money wages over this period has lagged far behind. Consequently even leaving aside the question of the virtue of the consumer price index as a deflator, we can clearly say that the real wages today are certainly no higher—and probably somewhat lower—than the 1939 level.

## *Industrial Employment*

While inflation has squeezed the real wages of industrial workers, the secular deceleration in industrial growth since the mid-sixties has restricted the growth of industrial employment; this deceleration in turn has been a result partly of the very high level of food prices (relative to the money incomes of the bulk of urban and rural consumers) in the late sixties, and their subsequent rapid increase. The effect of food prices on industrial growth has operated through a relative shrinking of demand for industrial goods for two main reasons: firstly pegging food prices at a relatively high level has the same effect as a rise in Kalecki's terminology of the "degree of monopoly".[27] The reduced real income of industrial workers, white-collar workers, small peasants and agricultural labourers reduces the demand for mass-consumption industrial goods like cotton cloth, while the increased real income of landlords and upper peasantry does not increase industrial demand correspondingly: some of the additional income is saved, some leaks abroad through imports. Even if all the additional income was spent on domestic industrial products, since the industrial structure would take time to adjust to this shift in the pattern of demand, an overall deceleration for a while would become unavoidable. What we have had however is not a once-and-for-all rise in the "degree of monopoly" , but a steady increase owing to the recent inflation, which has clearly slowed down the growth of industrial demand. Secondly, the high, and subsequently rising levels of food prices have also, in the absence of any indication of an increase in agricultural growth, made the government apprehensive about embarking upon any ambitious investment programme; this in turn has affected adversely the growth of demand for several basic and capital goods industries. Indeed, a confirmation of the operation of both these mechanisms is provided by the fact that cotton textiles and the metal-based industries have been among the worst sufferers from the secular recession.[28]

To sum up: both in terms of the growth of employment opportunities and in terms of real earnings, industrial labour has suffered in recent years.

## VI

### *Counter-Inflation Measures*

Nevertheless, a frontal attack on industrial labour through the so called wage-freeze appears to be a major plank of the government's recently announced anti-inflation strategy. More generally, the main elements of this strategy seem to be: (1) a new procurement policy, (2) threat of punitive measures against hoarders, (3) expenditure and credit tightening and (4) an incomes freeze. While the decision to hold down kharif procurement prices is laudable, it has come at a time when the kharif crop is widely expected to show a substantial shortfall; unless compulsory procurement is introduced therefore we may have a situation where rampant inflation continues as before with the public distribution system near collapse. There has been much talk of a levy and some states have already decided to introduce such a levy. The main contours of a levy policy however are yet to emerge; much in any case depends upon how stringently it is implemented. The outgoing Agriculture Minister's remark that the levy should be higher on privately irrigated land suggests, however, that the very people against whom the levy should be directed—landlords and upper peasantry—may escape lightly since it is mostly on their lands that private irrigation facilities exist. The threat of punitive measures against hoarders, even if such a threat would ever have been taken seriously, has certainly lost its edge as the profiteers held under the Maintenance of Internal Security Act (MISA) are being released one by one. Where there is a shift of credit from one channel to another, credit tightening, always in any case somewhat uncertain in its effects, is hardly likely to have much of an immediate impact. We come back again to the incomes freeze. Here, the freeze on dividends, unless we postulate some link between dividend payments and the availability of finance for hoarding foodgrains (which is not very convincing), is hardly relevant for controlling food prices; it is the wages and salaries freeze that counts. Now even if a rigid pegging of money wages and salaries eventually "succeeds" after some time in easing the inflationary pressure, this "success" can hardly be called a success. To "cure" inflation by ruthlessly impoverishing large numbers of already poor people is hardly a matter to gloat over; on the other hand, to make this freeze effective may "require" a suppression of trade unions which in turn may "necessitate" the jettisoning of bourgeois democracy we mentioned earlier.

But perhaps the government has a different picture in mind: the freeze combined with the other steps may bring down prices so swiftly and sharply that real wages may not after all fall very much. If this is the thinking, it needs to be elaborated and substantiated. That this could happen at all is doubtful; in view of what we have said before about the perceptible laxity in applying other concomitant measures, the doubt is still greater. But it may be objected, what about the recent stabilization in prices? Is that not an indication that we have turned the corner? Let us examine this phenomenon carefully.

### *Price Stabilization ?*

The prices of major foodgrains usually show a distinct pattern of seasonal movement. Rice prices for example reach their peak around September after which there is a fall as hoarders disgorge their stocks to make room for the new harvest; this fall is sustained by arrivals of the new grain on the market until about January, after which prices begin to increase. A similar phenomenon occurs in case of wheat; peak prices obtain usually around February, after which there is a fall until about May, when prices begin to increase. If the volume of stocks is increasing over time, this fact does not negate the seasonality of price movements; if anything it makes the seasonal movement in either direction more pronounced with a net upward twist to prices which makes them on average higher than what simple demand-supply considerations would suggest. We saw in section III the perverse behaviour of seasonal declines; that the declines were greater in 1972-73 than in 1971-72, a fact we attributed to speculative stock-holding in 1972. Similarly the subsequent seasonal increase was sharper in 1973 than in 1972, and in 1972 than in 1971. The curious thing however was that for the 1973-74 crop season, the seasonal declines did not take place as usual. After a slight fall in September, rice prices increased until November; there was a fall in December, after which prices rose steadily. Similarly, for wheat the usual fall after February did not take place in 1974; instead there was a sharp increase. We thus have a break in the seasonal pattern, the reasons for which need investigation: perhaps for rice the announcement of sharply increased procurement prices interfered with the seasonal fall, and for wheat the confusion surrounding the takeover of wholesale trade had a similar effect. This break however meant that producers and traders found themselves (a) overstocked, and (b) overstocked with relatively old grain. To talk of overstocking does not imply that stocks would not have increased, but perhaps for the various contingent reasons mentioned they increased faster than hoarders might have desired; what is more important, the mix between old and new grain was different from the desired one. A certain amount of destocking was therefore inevitable; it came when prices, themselves pushed up higher than they might have been owing to this possible overstocking, reached a plateau in September. The fall in rice prices in October of course coincides with the usual seasonal fall; for wheat it represents a shift of the fall that might have occurred in March to October.

If this line of reasoning has any validity, then we cannot talk of "turning corners". Perhaps the threat of MISA may have precipitated some dehoarding, but the vacuity of this threat is evident from the fact that silver prices have begun to revive again. If the current stabilization, especially for wheat, is a postponed seasonal phenomenon the picture may look something like the following: rice prices, given the drought especially, will pick up from around January, wheat prices after stabilizing for some time may possibly even show the usual seasonal fall after February, and finally pick up from June onwards. Since our argument implies that long-term expectations regarding price movements are likely to be unaffected by the current price stabilization, a resumption of sharp inflation during the calendar year 1975 appears more than plausible.

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[1] See my "Disproportionality Crises and Cyclical Growth", *Economic and Political Weekly*, Annual Number 1972. See also section V.

[2] On this, see M Kalecki, *Theory of Economic Dynamics*, Unwin.

[3] Note in this connection the following statement in the *Economic Survey 1973*: "However prices of certain products, such as cotton textiles, rose much faster than justified by an increase in input costs, indicating that producers took full advantage of the buoyant demand by raising prices." (p 21). The survey however gives no evidence to show this buoyancy of demand. The increased mark-up hypothesis may provide a better clue to the behaviour of manufacturers.

[4] As the *Economic Survey* rightly remarks: "The group of manufactures played a secondary role, both in 1972 and 1973, although, in the latter year, prices of manufactured goods rose much faster than in 1972" (p 19).

[5] See *Economic Survey 1972-3*, Ch 1 and *Economic Survey 1973-4*, Ch 4.

[6] S K Rao and P Patnaik, "Some Aspects of Agricultural Development in Post-independence India", unpublished.

[7] The *Economic Survey 1972-73* states: "Moreover an analysis of the bumper foodgrains production in 1970-71 indicates that the growth of output in that year contained a substantial fortuitous element". (p 14).

[8] This fact however is recognized in the *Economic Survey 1972-73*, Ch 1.

[9] Not only was there no shortage of industrial inputs emanating from agriculture in 1973, but the index of industrial production showed virtually no growth in 1973 over the 1972 level.

[10] The Rabi Crash Programme under the Central Plan Schemes accounted for Rs 147 crores or about 11 per cent of the total increase in the combined disbursements of Central and state governments over the previous year; see *Report on Currency and Finance 1972-3*, p 144.

[11] This is the argument put forward in the *Economic Survey 1972-3*, Ch 1.

[12] K N Raj, "Price Behaviour of Foodgrains in India 1951-64; An Explanatory Hypothesis", *Indian Economic Review*, 1966.

[13] Ashok Mitra, "Stabilization, Planning and Growth: Some Preliminary Notes", unpublished

[14] Raj, *op. cit.*

[15] Francine R Frankel, *India's Green Revolution*, Princeton 1971.

[16] For a detailed discussion of this evidence, See Patnaik, "State Capitalism and Agrarian Change in Post-independence India",paper presented at the Seminar on Political Economy of Indian Agriculture, Calcutta 1973.

[17] Mitra, *op. cit.*

[18] The expression was used by D H Robertson in his *Lectures on Economic Principles,* Vol I, Allen & Unwin.

[19] This comes out for example from a recent speech by A P Shinde.

[20] For a theoretical discussion of the restriction imposed by backward agriculture on industrial development, see M Kakeni, "Problems of Financing Development in a Mixed Economy", *Selected Essays on the Dynamics of Socialist and Mixed Economies,* Cambridge 1971.

[21] A Mitra, "Holding the Price Line", *Seminar,* Delhi, December 1972.

[22] See the report in the *Economic Times* October 19, 1974.

[23] For a summary of data on wage movements, see A K Bagchi, "Industries in India in the Colonial and Post-colonial Period", unpublished.

[24] The compilations are presented in J Bhagwati and P Desai, *India: Planning for Industrialization,* Oxford 1970.

[25] Bhagwati and Desai, *op. cit.*

[26] Bagchi, *op. cit.*

[27] For a discussion of the effects of a rise in the degree of monopoly on the rate of growth, see M Kalecki, *Theory of Economic Dynamics,* Chs. 5 and 15.

[28] The argument of this paragraph is presented more extensively in my unpublished paper, "A Theoretical Note on the Effects of Agricultural Prices on Industrial Stagnation."

*M J K THAVARAJ*

# *Fiscal Policies and Inflation: Indian Experience*

SINCE 'fisc' is a component of the governmental apparatus, fiscal policy reflects the character and scope of the state. To a large extent, the volume and pattern of incomes and outlays of the government depend upon those who wield state power. Under the early stages of capitalist economic development, governments played the role of an umpire for the ruling elite and that of a policeman protecting the basic frame of the system and its dominant interest groups from antagonistic forces threatening the system from within and without. The philosophy of laissez-faire kept the governments small. Consequently, the best of all public finances was that which was least in amount. Slowly, however, regulatory and welfare functions have been added to the sphere of government so as to temper the excesses arising from the operations of the capitalist system at the national and international levels.

Stability of the economic system became a major concern of governments of the developed capitalist countries since the Great Depression. The developing countries on the other hand were anxious to make up for the backlog in their economic development through enlarged state intervention. Extension of adult franchise has also attracted governmental attention to problems of inequalities in income and wealth. The successes scored by the socialist system in the sphere of planned development and equitable distribution have forced the rest of the world to have an expanded public sector with stability and accelerated development as well as deconcentration of property ownership as some of their declared objectives.

Fiscal policies reflect the stage of development and the corresponding role of the government in the capitalist world. In the infant stages of capitalism, governments gathered only a minimum quantum of revenues to meet their law and order functions. The burden of such mobilization largely fell on those sections who could not defend themselves adequately through the prevailing framework of institutions and laws. Sturdier growth of adolescent capitalism necessitated a greater involvement of the government in the creation and maintenance of economic infrastructures which were sometimes financed through public borrowing. Instabilities of mature capitalism have led to a substantial enlargement of the scope of public investment and social services. Accordingly, the concept of "compensatory financing" characterized by unbalanced budgets, massive public debt and deficit financing has become the salient feature of financing policies of governments in the developed countries.

## *Fiscal Policy Objectives*

In the developing countries, where governments have assumed a pioneering role in industrial development, the scope of public investment embraces several massive and innovative lines of basic, intermediate and directly productive activities apart from the creation of social overhead capital and other infrastructural facilities dictated by the pace and pattern of economic development. Doses of social services have also been added depending on the needs of the ruling classes and the pressures exerted by the underprivileged masses through the electoral and other channels available to them. Fiscal policies in the developing capitalist countries reflect, in varying degrees, these multiple—often contradictory—objectives such as stability, development, self-reliance, reduction of interpersonal inequalities in income and wealth, balanced regional development and so on. Thus fiscal policies, in general, are geared to the needs of the politico-economic system and the interests it seeks to serve.

In a market economy, fiscal operations are meant to influence economic decisions in desired directions by stimulating or curbing market forces. It is also recognized as one of the instruments of social and economic planning in mixed economies where market mechanism constitutes the most important channel of resource allocation. However, in totally planned economies where physical controls form the major instrument of resource allocation, fiscal policies are confined merely to balancing operations. Thus, fiscal policies derive their goals and objectives from the broader system of the political economy in operation. The degree of conformity would depend upon how closely fiscal policies are integrated with the broader objectives of the plans. In practice, fiscal policies in the market-oriented mixed economies have a short term focus rather than a long-term perpective. Nevertheless, secular trends in fiscal performance can be judged only with reference to plan objectives.

Stability denotes an overall trend emerging out of certain dynamic instabilities characterizing the various components of the economic system. General price level indicates whether the system is stable or unstable. An upward trend in the general price level over a secular period is regarded as instability marked by inflation. Traditional monetary theories built on the assumption of full employment took for granted a direct relationship between the quantity of money and the level of prices. Various equations were built around the Quantity Theory of Money. John Maynard Keynes introduced drastic modifications of the Quantity Theory in the light of widespread unemployment during the Great Depression. As explained in the General Theory of Keynes, expansion of money supply will not result in rising prices until full employment is reached, unless "bottlenecks" appear in the supply of factors before full employment level.[1] Based on this formulation, Keynes and his followers adopted deficit financed public spending and created money as potent remedies for compensating for the deficiencies in the aggregate demand of the economic system. They were also advocating a mild inflation or a fascile boom as the best way of ensuring near full employment.

## *Theoretical Framework*

Some economists, brought up in Keynesian traditions, sought to apply Keynesian prescriptions which were tested and found effective in overcoming deflationary conditions to deal with problems of capital formation in underdeveloped economies having an inflationary gap. Surplus labour abounding in the underdeveloped economies was looked upon as a vast hidden investment potential. The successes of the Soviet Union in this direction prompted them to think of their application in the market-oriented developing economies based on private property. W A Lewis, Ragner Nurkse and J S Dusenbery argued that conversion of surplus labour into capital is possible by redistributing consumption (from those who are already employed to those whose surplus labour is to be converted into capital) through deficit financing.[2] A note of caution was also sounded that deficit financing unaccompanied by commensurate increase of wage goods would result in inflation in all but comprehensively planned and controlled economies. Some, like Arthur Lewis, were suggesting that a faster rate of capital accumulation and development would depend upon the extent to which income could be redistributed from the consuming to the saving classes in the developing countries.[3] Consumption was to be curbed by taxing consumption as well as by eroding real earnings of the consuming classes. At the same time, fiscal policies were meant to augment public savings besides stimulating savings in the private sector.

Fiscal and monetary policies in India echo the theoretical formulations outlined above. Even before independence Keynesian influence was reflected in the 'easy money policy' of the Reserve Bank of India.

The IMF mission (consisting of E M Bernstein and I G Patel) which visited India in the early years of the First Plan suggested a mild inflation punctuated by unexpected occasional fall in the general price level as the appropriate monetary policy for developing countries like India.[4] H V R Iyengar and B K Madan have also endorsed this policy in their writings in the early sixties.[5]

## *Indian Inspiration*

Fiscal policies hammered out by Walter Heller and other UN experts inspired by Keynesian traditions are also reflected in Indian thinking and practice. Keynesian influence could be traced in the theoretical underpinnings of the Taxation Enquiry Commission of 1953-55. They are also reflected in the Indian plans and budgets. Obviously, redistribution of income from the consuming to the saving classes is a patently capitalist solution to the problems of capital accumulation and financing of development. On the other hand, the Directive Principles of State Policy adumbrated in the Indian Constitution as well as the declared objectives of the various plans have emphasized the need for reduction of inequalities in income and wealth and prevention of concentration in the ownership of private property as the cornerstone of economic policy. Evidently, fiscal policies designed to redistribute income from the consuming to the saving classes run counter to the professed social objectives of economic policies in India. Such contradiction is highlighted by the Socialistic Pattern of Society proclaimed in the Second Plan and the fiscal policies announced by T T Krishnamachari in his budget speech of 1957.[6] He delineated the tax policy for the Second Plan in terms of mobilization of additional resources, provision of incentives to saving, restraint on consumption and so on.

It could be argued that if additional resources are mobilized from those who have the ability to pay and incentives are offered to small savers and restraints are imposed on luxury consumption and tax administration is insulated from the corrupting influences of tax evaders and delinquents,tax policy may be regarded as conforming to the Socialistic Pattern of Society. Besides, it is conceivable that, in the midst of far-reaching changes in the ownership of property and property relations, fiscal policy would pale into insignificance as an instrument of translating socialist objectives into reality. Unfortunately, in India, the brunt of the tax burden has fallen on the poor and inequalities in income and wealth have grown over the period since plans began. Against this background, fiscal policies which ignore the adverse social consequences can only be regarded as an additional instrument of capitalist development in India. However, the purpose of this article is to focus attention on the impact of fiscal policies on stability rather than highlighting the lopsided pursuit of national purposes and the contradictions between fiscal and social objectives and practices under the plans. It should, however, be borne in mind that while inequalities can be perpetrated even when there is stability, the inflationary impact of fiscal policies are bound to be more inequitous.

Sometimes, in federal formations fiscal policies are discussed only with reference to the federal government. But, the full impact of fiscal policies on economic development or social transformation can be seen only when a comprehensive study and analysis embracing all levels of government is undertaken. For instance, most of social and developmental expenditure in India is undertaken at the state and local levels. The pattern of resource mobilization at these levels would have differential impact on development and stability. Sales tax which is highly regressive in nature is the major instrument of resource mobilization at the state level. Conversion of overdrafts incurred at the state level into Central loans, liquidation of securities issued by the Central government through the commercial banks or the Reserve Bank of India, operation of the cash balances at the state level and so on will have their own impact on the stability of the economy. Nevertheless, the main thrust of monetary and fiscal policies emanate from the Centre since it has an enormous command over the available fiscal instruments including that of deficit financing.

### *Inflationary Potential: Public Consumption*

Fiscal impact could be transmitted either through the size and pattern of public expenditure or by the ways and means of financing. Public expenditure could be classified as consumption and investment. In recent literature, current outlays on education, health and so on are regarded as investment in human capital. The rest of current public expenditure may either be for direct public consumption such as defence or law and order or for supplementing private consumption through social services or for augmenting private saving or consumption through subsidies and other forms of fiscal transfers. Though, in the long run, investment in human capital may increase the earning capacity of individuals apart from conferring social benefits, they are not accompanied by any expansion in goods or services in the short run. From an equity point of view, that part of expenditure on social services and transfers supplementing or strengthening the consumption of the poorer stratum of population may be important. However, Keynesian analysis directed at macro-level would club such socially beneficial outlays together with other administrative expenses as public consumption bolstering up the purchasing power of the community.

In recent years, some economists have observed a close correspondence between the magnitudes of increase in the salaries and wages of the government employees and the expansion of money supply. They attribute inflation to undue increases in the pay packets of the government sector. This argument implies that public expenditure is wasteful and unproductive and that government employees are privileged and well to do. It is necessary to sift the grain from the chaff in this line of thinking. Apart from the normal growth of government expenditure necessitated by an efficient performance of the expanding developmental programmes and activities, it is reasonable to understand the anxiety of the government employees to catch up with the soaring index of cost of living. It is a pity that even after 25 years of independence the government could not guarantee need-based minimum wages to its employees. Besides, operating expenses of public enterprises and departmental undertakings cannot by any means be regarded as unproductive.

## *Public Investment*

It is true that Indian administration has increasingly become top heavy with widening wage differential between the top and the bottom and ever-increasing perquisites and fringe benefits at the top layers of management. Too many intermediate levels between policy-making and grass-roots of administration unduly inflate the cost of delivering the goods and services of government apart from being dysfunctional. Though defence is looked upon as a sacred cow it is widely recognized that it has become too fat. Police expenditure of the Government of India has shot up by nearly 150 times since independence though it is a state subject. Veteran administrators have estimated that the seepages in government expenditure might range anywhere between a quarter and a half of the total. It is through these channels that the pool of private black money merges with that of the corrupt elements in the government. Incomes generated through such illegitimate channels aggravate the inflationary impact of public expenditure partly by encouraging speculative hoarding of sensitive commodities and partly through hot pursuit of consumer goods especially those catering to the comforts and luxuries of the U-sector, thereby bending the market forces to divert a large volume of scarce resources into socially unimportant areas of production. It follows that, though undue expansion of current public expenditure may carry an inflationary potential, it is the unproductive administrative expenditure and the sizable seepages that take place across the board especially in defence, public works and other forms of construction which contribute a great deal to inflation since they have moved far ahead of the rate of expansion of commodity production.

It is maintained that hardly 28 per cent of revenue and loan-financed public expenditure at the Central and state levels constitute developmental outlays and capital formation. Even here, just as a part of social services is deemed to be contributing to the building up of human capital, a sizable part of public investment, especially in the construction of palatial and air-conditioned office buildings and skyscrapers along with their fancy frills which resemble consumer durables in the private sector does not add much to the productive potential of the economy.

## *Gestation Period*

As for the rest of public investment, there is a considerable time lag between investment and the emergence of output thereby bearing an inflationary gap. The gestation period is longer in the basic and heavy industries involving large investments. When adequate financial and organizational resources are at hand, projects may be completed on time. When government is constrained by inadequate resource mobilization and organizational skills, gestation period gets elongated and the emergence of output gets delayed. Delayed production of crucial investment and intermediate goods creates a chain reaction back and forth dampening the growth of interdependent industries thereby creating bottlenecks in the supply of final consumer goods.

With the broadening and deepening of the industrial base, the average gestation period of the industrialization programme becomes cumulatively longer thereby worsening the imbalance between supply and demand. Prolongation of the gestation period on account of the thin spread of limited resources could also happen when political considerations of nursing the constituencies push the governmental machinery to undertake more work than warranted by resources and organizational capabilities. This is a common feature in public works at the state and local levels. Whereas one could identify wastages and delay, it is dangerous to use the cumulative increase in the average gestation period of the packages of public investment over the plans as an argument to tone down basic and heavy industries in favour of quick investment. Those who are shy of comprehensive physical controls would fall an easy victim to a quick investment bias in the event of cumulative elongation of the average gestation period of public investment. This approach would seriously undermine the efforts to build up balanced development of a self-reliant economy over a long period. What is needed is a drastic cut in unproductive public investment and irrational commitments of limited resources.

## *Pricing and Commodity Taxation*

Keynesians would have no hesitation in suggesting that governments should curb the inflationary potential by mopping up the excess demand through appropriate pricing policies and commodity taxes. They generally prefer the manipulation of the market forces through various fiscal operations to comprehensively-controlled allocation of real resources and rationed distribution of supplies. Hence, they place a heavy accent on taxes curbing consumption. In simple terms, Keynesian theory, which is concerned with the macro-aspects of economic analysis, regards the rate of saving and investment as a major factor in stimulating long term economic growth. When applied to mixed economies like India, it would imply that fiscal policies which divert savings from private to public sector will not add to the aggregate savings in the economy. According to this reasoning, at best, savings diverted from private hands may be put to better use in the public sector; at worst, it may be frittered away in unproductive and specially wasteful expenditures. Since public sector in a mixed economy dominated by big property holders neither moves briskly forward in response to carrots and sticks nor releases the creative energies associated with the socialist system, the Keynesians have no difficulty in asserting that taxation of saving will curb the willingness and capacity to save and invest. Consequently, they regard curbing consumption as the best way of mobilizing resources with a view to augment public saving besides strengthening and stimulating savings in the private sector.

Of course, they would enthusiastically proclaim that luxury consumption should be drastically curtailed through progressive rates of commodity taxation. What they do not care to recognize is the regressive character of commodity taxes in the light of the growing inequality in income distribution, phenomenal growth of black income, itching for conspicuous consumption and the negligibly mild regression in the rates applied to luxuries especially in the sprawling black market transactions. In practice, therefore, it is the commodities of common consumption of the masses of the poor and middle classes which bear the brunt of commodity taxation.

For instance, though the volume and concentration in the ownership of reproducible wealth as the inequalities in the ownership of immovable property have increased over the plans, taxes on the stock of wealth and property do not exceed Rs 55 crores in the current year. Income and corporation taxes have gone up by about 10 times since 1949. Landlords and capitalist farmers pay only a pittance out of their fabulous incomes resulting from Green Revolution. On the other hand, commodity taxes (excise, sales and customs duties) have increased by about 18 times over the same period. When customs are excluded, the increase is about 40 times. Central excise alone has recorded a 60-fold increase over 26 years.

### *Taxes on Necessities*

Union excise was levied on about 12 commodities in 1950-51. The number of commodities covered has gone up to about 132 in 1974-75. There has also been a considerable step-up in the rates of excise duties over these years. Some of the levies have fallen on an expanded productive base. The index of industrial production has nearly doubled between 1950-51 and 1971-72. The bulk of revenues from Central excise is drawn from cotton textiles, sugar, kerosene, tobacco, coffee, tea and other necessities the demand for which is almost inelastic in view of the non-availability of other untaxed substitutes. Maybe Indian taxation follows the dictum that "necessities are the ideal choice for commodity taxation". The pursuit of this dictum in India has thrown overboard the professed social considerations. The fact that luxuries are taxed at slightly higher rates does not offset the regressive bias of the tax system in India. Keynesian economists whose eyes are set on raising the rate of saving are prone to ignore the deleterious social effects of their tax proposals.

However, from the point of view of stability, we are mainly concerned about the influence of indirect taxes on the general price level. Taxation would lead to price rise if the additional burden could be shifted to the final consumers in the form of higher prices. This has happened in

India in a number of ways. Firstly, as mentioned earlier, more and more commodities with inelastic demand have been subjected to indirect taxation. Secondly, the rates have been progressively raised over the plans. Thirdly, in most cases where the levies are imposed on the basic raw materials and intermediate goods, the effect of taxation is cumulative. Since in India sellers' market has been the rule rather than an exception the entire burden has been on final consumers. Sometimes the extent of price rise at the consumers' end has been far more than justified by the rates or the stages through which commodities pass before reaching the final consumers. It follows that the heavy accent placed on indirect taxes curbing the necessities of life has accounted for a substantial increase in the general price level in India over the plans.

### *Public Debt*

Debt-financed public expenditure was one of the most popular Keynesian prescriptions for activizing idle savings accompanying economic depressions in the mature capitalist economies of the West. In fact, rapid accumulation of public debt accounted for a sizable and increasing proportion of the national income in these countries since the Great Depression. Net export of capital was but an aspect of this policy of activizing idle savings though foreign investments had far-reaching implications as an instrument of neocolonialist domination over the developing countries. On the other hand, "foreign aid" has dulled the will and determination to step up their efforts towards an intensive mobilization and efficient and economic utilization of domestic resources apart from enticing them into a web of dependent relationships threatening the possibility of building a self-reliant economy in the developing countries over a long period.

For the saving classes which are not directly engaged in productive investment, public borrowing offers a productive avenue for employing surplus funds without affecting their rights to property or the income accruing therefrom. Even some of the well-known portfolios of small savings benefit the rich rather than the "small" savers. To the extent that the burden of debt servicing falls on the masses of the taxpayers, public debt is another means by which resources are transferred from the non-savers to the savers in the long run.

The outstanding public debt of the Government of India is expected to amount to Rs 17,058.23 crores at the end of 1973-74 and Rs 18,412.20 crores at the end of 1974-75 comprising

| | As on March 31 1974 | As on March 31 1975 |
|---|---|---|
| | (In crores of rupees) | |
| Internal Debt | 11228.32 | 12029.82 |
| External Debt | 5829.91 | 6382.38 |

In addition the government is liable to repay the outstanding against the various small savings schemes, provident and other funds and deposits on public account amounting to a net figure of Rs 22,968.94 crores for 1973-74 and Rs 24,850.51 crores for 1974-75. Interest payments and servicing of debt alone amount to Rs 897.48 crores in the revised estimate for 1973-74 and Rs 975.13 crores in the budget for 1974-75.

It must be borne in mind that in the developing countries, public borrowing is not meant to activize idle savings. Instead, it attracts savers who are either allergic to risk-taking or have no opportunity for more productive investment. Institutional savers use government securities as one of the secure avenues among the spectrum of manifold opportunities. Thus, in the developing countries, public borrowing is either to stimulate saving habits among potential savers or to transfer resources form savers to investors. Deposits in the commercial banks form another important channel of such transfer. But, to the extent public borrowing either directly from the public or through the commercial banks is used for unproductive financing of the government, debt financing will have an inflationary bias in the developing countries. Inflationary pressure may also be generated when subscribing public convert their government securities into commercial bank credit which is not warranted by the requirements of productive activities in the economy. In fact, undue expansion of commercial bank credit to the government sector has been one of the important contributory factors for inflation in India especially over the last three years. Thus, debt financing of public expenditure in India has led to inflationary pressure while at the same time aggravating inequality.

## *Budgetary Deficit for Plan Finance*

While it is true that commodity taxation has contributed significantly to rising prices, it is the quantum of deficit financing in relation to the sluggishness of production which explains the spiralling of prices in recent years. In a broader sense, the current inflation is only a symptom of a deepening economic crisis in India. For instance, the growth of per capita real income over the sixties has been slower than that of the previous decade. There has been further deterioration in the growth rate under the Fourth Plan. Constrained by inadequate resource mobilization, the quantum of deficit financing has increased in every successive plan. Though the concept of deficit employed in the Indian plans and budgets are neither scientific nor consistent, the size of budgetary deficit has increased progressively as a source of plan finance as seen from the following table:

DEFICIT FINANCING BY GOVERNMENT OF INDIA

| Period | | Amount (Rs. crores) |
|---|---|---|
| First Five Year Plan | (1951-56) | 532.00 |
| Second Five Year Plan | (1956-61) | 948.00 |
| Third Five Year Plan | (1961-66) | 1133.00 |
| Plan Holiday | (1966-69) | 733.00 |
| Fourth Five Year Plan | (1969-74) | 3750.00<br>(tentative) |

The role of deficit financing can be fully appreciated when seen together with credit expansion in the entire economic system on the one hand and the sluggish performance of the economy on the other.

For instance, between 1960-61 to 1968-69 the Net National Product increased by about 26.6 per cent while the money supply doubled. Similarly, while the NNP increased by hardly 15 per cent over the period March 1969 to March 1973, money supply increased by 60 per cent. Since then, money supply has increased by another 30 per cent while agriculture has suffered a setback and industrial production has been virtually stagnant. Government borrowing from the Reserve Bank of India and the commercial banks has accounted for a good part of the expansion in money supply. In fact, bank borrowing during July 1972-July 1973 has amounted to Rs 1542 crores. The trend has continued unabated. At the same time, the performance of the economy has been depressing. As against the 5.5 per cent growth rate planned for the Fourth Plan the actual may not be more than 3.5 per cent. On the other hand, increase in money supply has reached nearly 20 per cent per annum.

Deficit financing has led to soaring price levels touching new heights at every successive wave of deficit financing in the past two decades or so. Based on 1949 prices, there was relative stability in the price level over the First Plan partly because of the successive good harvests towards the end of the Plan. Prices increased by more than 25 per cent over the Second Plan. The increase was about 32 per cent over the Third Plan. It has gone up by more than 70 per cent since then. It is well known that these indices built on the basis of officially recognized prices understate the reality.

### *Enormous Wastages*

However, it is acknowledged that the current inflation which has reached a critical stage has hurt the masses of the poor people with unprecedented severity. The limited scope of rationing and controlled distribution of essential commodities could not insulate the majority of the vulnerable sections of population from the onslaught of inflation. By robbing the real incomes of the poor, inflation has helped to fatten the landlords who account for the bulk of the marketed surplus in foodgrains, monopolistic and oligopolitic producers in organized industry and speculators among traders. In other words, inflation has done the job of curbing consumption of the wage earners, salaried employees and other fixed-income groups in a clumsier manner than indirect taxation. But, as Arthur Lewis has pointed out, the choice between taxation and inflation is political. Sometimes, inflationary methods are resorted to when further taxation becomes politically inconvenient. In India, both commodity taxes and inflationary deficit financing have been used like a double-barrelled gun aimed at curtailing the purchasing power of the masses of the consumers. Nevertheless, depending upon the classes against whom they are directed, taxation calls for a political will and farsightedness whereas inflationary financing symbolizes political irresponsibility and economic bankruptcy.

Developing countries engaged in raising the rate of investment far above the voluntary rate of saving would generally be confronted with an inflationary gap unless they adopt a comprehensive system of planned allocation of resources and controlled distribution. The mixed economy evolved in India has assigned to the public sector riskier jobs of building up the industrial base of the economy involving huge investments leaving the centres of quick profit in private hands. The system operates mainly through the market mechanism subjected to partial regulation and control. There are enormous wastages inherent in the system. Quite a bit of scarce resources—both internal and external—are frittered away to ensure the supply of "incentive goods" to propitiate the gods of private investment. A substantial part of household savings seek unproductive channels of investment. The surplus labour which abounds in the economy could not be utilized for want of a suitable organization. Manipulative tendencies on the part of monopolists and oligopolists result in non-utilization of created or intended capacities. One wonders how far high pressure advertisement and sales promotion characteristic of mature economies faced with a deficiency of demand are consistent with a sellers' market having acute shortages. Even the government is unable to keep unproductive investments under check.

## *Problems of Mixed Economy*

Under this system, the excess demand implied in any major investment effort manifests itself through inflationary pressures which defy the system of partial regulation and control. There are several factors which aggravate inflation. First of all, the inability of the system to convert surplus labour into productive capital constricts the overall investment effort and thereby the growth of output.[7] Secondly, dissipation of scarce resources in wasteful consumption and unproductive investment widens the inflationary gap. Thirdly, there is a secular tendency to elongate the average gestation period of public investments on account of the deepening of the industrial base dictated by the long-term needs of balanced economic development. Fourthly, growth of unproductive consumption and investment in the public sector has kept public savings far below what was envisaged under the plans. Paucity of investible resources have led to their thin spread over committed programmes and projects resulting in a further elongation of the average gestation period of public investment.

The irrationalities and expediencies in political behaviour have also adversely affected the gestation period. Investment decisions in India are not based on appropriate cost-benefit analysis. Locational disadvantages are often disregarded. More serious is the inclination of the politician to mortgage the long-term objective of development to immediate political gain and popularity with the electorate. Consequently, he is always prone to undertake more projects than would be warranted by resource availability and organizational capabilities. Biting more than what could be chewed results in delayed action and indigestion. The number of false or half starts or miscarriages increases with every successive election at the national, state and local levels. When empty slogans and promises fail to impress upon the electorate more and more abortive investments are undertaken to cover up the dismal failures in the past. Apart from misdirection and waste of real resources, such irresponsibility and irrationality on the part of political executives have played havoc with completion schedules leading to long delays in the supply of investment and intermediate goods and services essential for the full utilization of the productive capacities in the system.

### *Fiscal Prudence*

In this context, the Keynesian remedy of slashing public expendtiture does not solve the problem. In fact, cutting down the rate of investment or toning down the heavy investment bias will only impair the long term objective of balanced development. On the other hand, a prudent development strategy would call for a considerable step-up in the rate of investment along with a more pronounced bias in favour of the capital goods sector. Pruning of social services would also militate against the building up of human capital over a long period. It is true that social services benefit the rich more than the poor. But, to the extent social services benefit the poor, any cutback on them will also cut into the welfare of the needier sections of the population in the short run. Similarly subsidies in support of the consumption of the vulnerable sections of the population can no doubt be justified on social considerations. But fiscal subsidies and other subsidized inputs and services benefiting those who otherwise reap fabulous profits are not justifiable either on grounds of production or of social justice. Fiscal prudence demands that all such subsidies should be withdrawn. A good deal of resources which would otherwise have appeared as profit in business accounts gets camouflaged as perquisites and expense accounts inflating the operating expenses. The existing fiscal instruments have failed to penetrate behind these accounting juggleries to prevent such dissipation of resources.

One should, therefore, be discriminating while dealing with economy in public expenditure. If politicians could resist the temptation of mortgaging the future wellbeing of the economy for immediate political gains, considerable waste and misdirection of resources could be avoided. They should also be induced to employ tools and techniques of analysis and management with a view to introducing rationality in investment decisions and their implementation. Elimination of dysfunctional levels and tiers of administration and toothing the cutting edge would be helpful in accomplishing better results at the grass roots of administration.

There is a clear case for shifting the focus of resource mobilization to those who have the ability to pay. The resource potential of the richer stratum of population is really great. The black money which plays havoc in the economy is estimated to be more than Rs 10,000 crores. Evaded taxes exceed what is being collected. The landlords gloat in unprecedented wealth and prosperity. But the ever increasing dominance of the monopolists and oligopolists over industry and trade and that of the landlords in the countryside as well as their combined power and influence over the state and the apparatus of governance and administration have made it impossible to carry out any drastic programme of restructuring ownership of property and property relationships. It is this institutional obstacle which has strangulated the efficiency of certain sensible economic and fiscal policies.

Concentration in ownership of property and the highly skewed distribution of income has left enormous disposable purchasing power in the hands of the affluent. The economic organization commits sizable resources in the production and import of comforts and luxuries meant to meet the insatiable demand for conspicuous consumption.There is no regulation or control which this section cannot flout with impunity. The progressivity in the taxation of luxuries only remains on paper. It is against such fortifications of vested interests that the limited fiscal policies have floundered. Deficit financing on an unprecedented scale is an admission of the glaring failure of fiscal policies in realizing the proclaimed developmental and social objectives. The instabilities of the system is also attributable to the constraints of the system on resource mobilization. Past performance in public saving casts a dark shadow over the prospect of substantial resource mobilization under the Fifth Plan. In the absence of comprehensive physical controls for the mobilization and allocation of resources as well as for the distribution of final output, the systematic failure to generate enough surplus from those who can afford to shoulder a much larger burden of resource mobilization would inevitably lead to fresh waves of inflationary financing. The utilization of P L 480 funds for budgetary purposes would only add fuel to the fire.

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[6] H V R Iyengar, *Monetary Policy and Economic Growth.*

[7] B K Madan, *The Role of Monetary Policy in a Developing Economy.*

[8] Budget Speech, Government of India, 1957.

[9] M J K Thavaraj, "Constraints on Resource Mobilization", *Social Scientist* 1, August 1972, pp 12-29.

*R RADHAKRISHNA ATUL SARMA*

# *Distributional Effects of the Current Inflation*

A mild dose of inflation, it is claimed, stimulates capital formation in developing countries. Even so,the inflationary process that has been afflicting the Indian economy particularly since 1967-68 has assumed proportions far in excess of anything mild or moderate.In the last two years a runaway inflation asserted itself and the rapidity of its pace put policy-makers on the defensive, forcing them to take certain desperate steps in recent months. Behind the counter-inflation measures lurk an implicit assumption that price rise hurts the rich and the poor alike. It is the purpose of this article to examine the impact of inflation on the different classes and the distributional distortion it has engendered.

The incidence of price intensity on the different income classes is put in the perspective of the price movements for ten commodity groups during 1951-74. The data used and the methodology adopted for this study are discussed in the appended technical note.

## *Price Movements*

Generally speaking, both for the rural and the urban population, agro-based commodities such as cereals, pulses and edible oils constitute the mass consumption commodity groups. The movement in prices of these commodity groups is an indication of the impact of inflation on the consumers. Weighted price indices for ten commodity groups with base

## TABLE I

Weighted Price Indices—Weights Based on National Sample Survey (Round 17th) (1952-53=100)

| | 1950-51 | 1951-52 | 1952-53 | 1953-54 | 1954-55 | 1955-56 | 1956-57 | 1957-58 | 1958-59 | 1959-60 | 1960-61 | 1961-62 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Cereals | 106.2 | 108.8 | 100.00 | 97.7 | 87.6 | 86.4 | 99.3 | 103.8 | 106.4 | 106.2 | 109.1 | 109.0 |
| 2 Pulses | 64.4 | 87.7 | 100.0 | 91.0 | 59.0 | 62.0 | 81.0 | 82.0 | 104.0 | 94.0 | 93.0 | 92.0 |
| 3 Milk and milk products | NA | NA | 100.0 | 101.6 | 92.0 | 90.5 | 95.0 | 105.8 | 108.9 | 111.3 | 116.5 | 116.4 |
| 4 Edible oils | 152.7 | 141.5 | 100.0 | 122.8 | 99.3 | 90.5 | 135.0 | 133.6 | 129.8 | 130.8 | 150.4 | 161.2 |
| 5 Meat, fish and egg | NA | NA | 100.0 | 93.7 | 94.5 | 101.5 | 96.9 | 97.3 | 111.2 | 115.0 | 116.0 | 135.8 |
| 6 Sugar and gur | 91.5 | 119.7 | 100.0 | 118.7 | 118.6 | 90.4 | 97.0 | 109.1 | 125.4 | 140.9 | 131.3 | 121.1 |
| 7 Other foods | 174.5 | 146.8 | 100.0 | 120.9 | 117.5 | 112.3 | 117.8 | 113.3 | 123.3 | 145.3 | 135.0 | 146.4 |
| 8 Clothing | 92.0 | 104.6 | 100.0 | 103.2 | 108.0 | 105.7 | 116.0 | 116.6 | 112.2 | 117.0 | 128.6 | 129.0 |
| 9 Fuel and light | NA | NA | 100.0 | 99.7 | 99.2 | 97.9 | 107.7 | 117.0 | 121.2 | 122.6 | 127.3 | 129.5 |
| 10 Other non-food | 93.2 | 101.1 | 100.0 | 95.9 | 94.4 | 93.7 | 95.6 | 98.1 | 101.4 | 104.3 | 105.3 | 110.3 |
| 11 All commodities | 109.5 | 111.5 | 100.0 | 102.1 | 94.2 | 92.0 | 103.1 | 106.7 | 111.1 | 114.2 | 116.8 | 119.0 |

TABLE I (Continued)

| | 1962-63 | 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Cereals | 111.2 | 122.8 | 148.4 | 161.0 | 190.1 | 225.6 | 212.5 | 217.6 | 215.4 | 214.8 | 256.1 | 295.1 |
| 2 Pulses | 105.0 | 115.0 | 165.0 | 162.0 | 196.0 | 278.0 | 190.0 | 203.0 | 219.5 | 250.0 | 303.5 | 378.2 |
| 3 Milk and milk products | 120.8 | 129.5 | 147.6 | 124.6 | 139.2 | 161.8 | 171.1 | 179.2 | 246.6 | 260.5 | 275.5 | 341.6 |
| 4 Edible oils | 157.0 | 157.9 | 214.8 | 266.8 | 303.4 | 314.3 | 275.0 | 327.8 | 375.0 | 336.8 | 386.0 | 568.2 |
| 5 Meat, fish and egg | 140.7 | 150.0 | 171.3 | 191.5 | 226.4 | 253.4 | 234.2 | 221.5 | 242.4 | 276.6 | 306.7 | 412.5 |
| 6 Sugar and gur | 141.4 | 176.2 | 178.7 | 154.4 | 190.0 | 323.8 | 319.7 | 207.9 | 210.9 | 275.8 | 353.3 | 362.5 |
| 7 Other food | 159.2 | 159.9 | 171.5 | 184.9 | 251.4 | 236.0 | 240.0 | 301.8 | 361.3 | 306.3 | 316.2 | 425.3 |
| 8 Clothing | 128.7 | 135.6 | 139.1 | 144.4 | 154.0 | 161.2 | 164.6 | 171.3 | 184.0 | 206.4 | 214.3 | 246.3 |
| 9 Fuel and light | 134.3 | 147.9 | 154.5 | 160.1 | 169.5 | 186.9 | 195.4 | 201.3 | 195.4 | 213.9 | 222.7 | 238.5 |
| 10 Other non-food | 115.9 | 124.9 | 126.2 | 130.5 | 140.6 | 151.2 | 155.2 | 163.0 | 165.0 | 185.3 | 191.6 | 204.3 |
| 11 All commodities | 123.6 | 133.6 | 153.2 | 160.8 | 177.4 | 215.6 | 206.2 | 214.4 | 230.8 | 234.5 | 265.2 | 316.9 |

1952-53 listed in table I presents the picture from 1950-51 to 1973-74. Right from the first year of the Second Plan the prices of all commodities started increasing almost constantly (except in 1968-69 and 1969-70) until they more than tripled by the end of 1973-74. Another point that emerges is that while prior to the Second Plan, prices showed a declining trend, (though the rate was uneven among different commodity groups) almost all prices were galloping during the last three years, 1971 to 74. Agro-based commodity groups such as edible oils, pulses, sugar and gur rose to staggering heights.

Considering planwise price changes (Table II) with the exception of other food and clothing, in the First Plan period, the prices of all other commodity groups slumped in varying degrees, ranging annually from 0.68 to 11.50 per cent. During the Second Plan period however, annual rises were registered in the range of 1.97 per cent for edible oils and 9.00 per cent for sugar and gur. The increase was markedly rapid during the Third Plan years particularly in the case of pulses (17.16 per cent), edible oils (14.12 per cent) and cereals (11. 28 per cent). This spurt continued except for pulses (-1.54 per cent), other food (-2.29 per cent) and edible oils (-4.79 per cent) during the period of the annual plans. During the Fourth Plan period, prices rose from 4.81 per cent (for fuel and light) to 17.68 per cent (for sugar and gur). It is significant that prices continued to skyrocket despite the use of the public distribution system and price controls as policy instruments.

TABLE II

ANNUAL GROWTH OF PRICES (PLANWISE)

| | | First Plan | Second Plan | Third Plan | Annual Plans | Fourth Plan |
|---|---|---|---|---|---|---|
| | | 1951-56 | 1956-61 | 1961-66 | 1966-69 | 1969-74 |
| 1 | Cereals | -5.62 | 2.13 | 11.28 | 5.73 | 8.14 |
| 2 | Pulses | -11.50 | 4.22 | 17.16 | -1.54 | 16.99 |
| 3 | Milk and milk products | -3.91 | 4.70 | 3.42 | 10.87 | 15.04 |
| 4 | Edible oils | -8.62 | 1.97 | 14.12 | -4.79 | 11.95 |
| 5 | Meat, eggs and fish | 0.53 | 5.41 | 9.25 | 1.71 | 15.94 |
| 6 | Sugar and gur | -3.87 | 9.00 | 7.47 | 29.73 | 17.68 |
| 7 | Other food | -3.42* | 5.35 | 5.66 | -2.29 | 5.68 |
| 8 | Fuel and light | -0.68 | 3.89 | 5.81 | 7.37 | 4.81 |
| 9 | Clothing | 0.98 | 2.12 | 3.08 | 3.38 | 9.19 |
| 10 | Other non-food | -2.07 | 2.58 | 4.30 | 5.06 | 6.20 |
| 11 | All commodities | -4.03 | 3.23 | 8.51 | 7.81 | 9.64 |

SOURCE: Calculated on the basis of table I

* excluding first year

## TABLE III

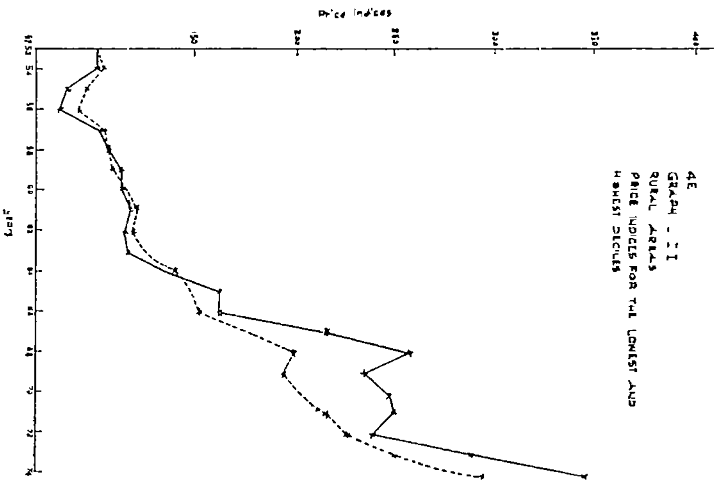
PRICE INDICES FOR TEN DECILE CLASSES, 1952-74 (RURAL AREAS)

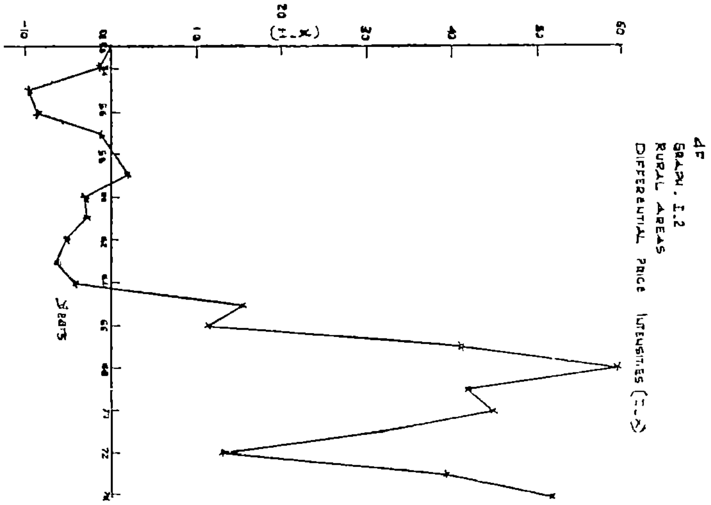
| Year<br>Decile Class | 52-53 | 53-54 | 54-55 | 55-56 | 56-57 | 57-58 | 58-59 | 59-60 | 60-61 | 61-62 | 62-63 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| I | 100.00 | 100.47 | 86.40 | 82.89 | 101.55 | 106.05 | 111.66 | 112.60 | 118.27 | 114.06 | 117.61 |
| II | 100.00 | 100.92 | 90.30 | 86.42 | 101.92 | 105.98 | 110.90 | 113.31 | 119.33 | 116.05 | 120.13 |
| III | 100.00 | 101.09 | 91.79 | 87.77 | 102.06 | 105.95 | 110.61 | 113.59 | 119.73 | 116.81 | 121.09 |
| IV | 100.00 | 101.21 | 92.76 | 88.66 | 102.16 | 105.93 | 110.42 | 113.77 | 120.00 | 117.31 | 121.72 |
| V | 100.00 | 101.29 | 93.50 | 89.32 | 102.22 | 105.92 | 110.26 | 113.90 | 120.20 | 117.68 | 122.19 |
| VI | 100.00 | 101.36 | 94.09 | 89.86 | 102.28 | 105.91 | 110.16 | 114.01 | 120.36 | 117.99 | 122.57 |
| VII | 100.00 | 101.42 | 94.61 | 90.33 | 102.33 | 105.90 | 110.06 | 114.11 | 120.50 | 118.25 | 122.91 |
| VIII | 100.00 | 101.48 | 95.10 | 90.78 | 102.38 | 105.89 | 109.96 | 114.20 | 120.64 | 118.51 | 123.23 |
| IX | 100.00 | 101.53 | 95.60 | 91.24 | 102.43 | 105.88 | 109.86 | 114.29 | 120.77 | 118.76 | 123.55 |
| X | 100.00 | 101.62 | 96.30 | 91.89 | 102.49 | 105.86 | 109.72 | 114.42 | 120.97 | 119.13 | 124.02 |
| (I-X) |  | -1.15 | -9.90 | -9.00 | -0.94 | +0.19 | +1.94 | -2.76 | -2.27 | -5.07 | -6.41 |

TABLE III (Continued)

| Year<br>Decile Class | 63-64 | 64-65 | 65-66 | 66-67 | 67-68 | 68-69 | 69-70 | 70-71 | 71-72 | 72-73 | 73-74 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| I | 136.08 | 163.25 | 162.58 | 218.16 | 259.70 | 236.80 | 248.02 | 250.52 | 240.63 | 289.89 | 346.99 |
| II | 137.79 | 157.28 | 158.38 | 202 03 | 236.27 | 220.34 | 230.44 | 238.02 | 235.33 | 274.23 | 326.57 |
| III | 138.45 | 155.00 | 156.78 | 195.89 | 227.34 | 214.06 | 223.74 | 233.25 | 233.32 | 268.26 | 318.78 |
| IV | 138.88 | 153.50 | 155.73 | 191.85 | 221.47 | 209.94 | 219.33 | 230.12 | 231.99 | 264.33 | 313.66 |
| V | 139.20 | 152.37 | 154.93 | 188.80 | 217.05 | 206.83 | 216.01 | 227.76 | 230.99 | 261.37 | 309.80 |
| VI | 139.46 | 151.47 | 154.30 | 186.37 | 213.51 | 204.35 | 213.36 | 225.87 | 230.19 | 259.01 | 306.72 |
| VII | 139.69 | 150.67 | 153.73 | 184.20 | 210.36 | 202.14 | 221.00 | 224.19 | 229.48 | 256.90 | 303.98 |
| VIII | 139.90 | 149.92 | 153.20 | 182.17 | 207.41 | 200.06 | 208.78 | 222.62 | 228.81 | 254.93 | 301.40 |
| IX | 140.13 | 149.14 | 152.66 | 180.08 | 204.38 | 197.93 | 206.50 | 221.00 | 228.13 | 252.90 | 298.76 |
| X | 140.44 | 148.03 | 151.88 | 177.09 | 200.03 | 194.88 | 203.24 | 218.68 | 227.15 | 250.00 | 294.47 |
| (I-X) | -4.34 | +15.22 | +10.70 | +41.07 | +59.67 | +41.92 | +44.78 | +31.84 | +13.48 | +39.89 | +52.02 |

# GRAPH I


4E
GRAPH _ I.1
RURAL AREAS
PRICE INDICES FOR THE LOWEST AND HIGHEST DECILES
Price Indices
400
350
300
250
200
150
Years
1953
54
56
58
60
62
64
66
68
70
72
74


4F
GRAPH. I.2
RURAL AREAS
DIFFERENTIAL PRICE INTENSITIES (I-x)
(I-x)
60
50
40
30
20
10
0
-10
Years
54
56
58
60
62
64
66
68
70
72
74

## TABLE IV

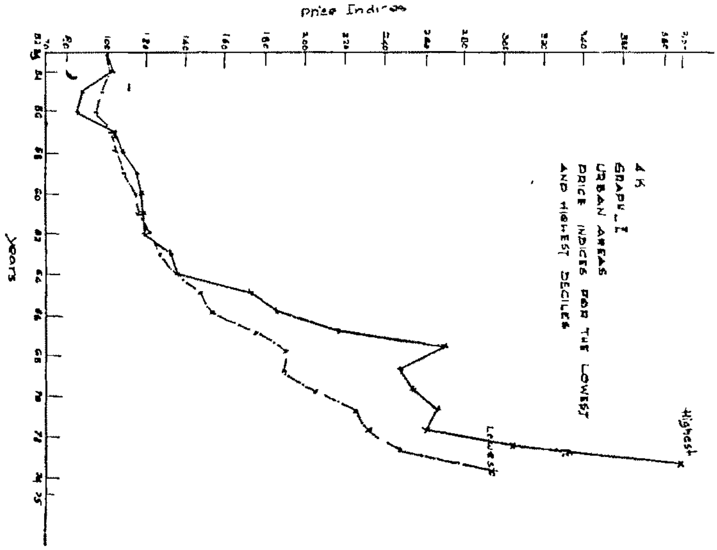
### PRICE INDICES FOR TEN DECILE CLASSES, 1952-74 (URBAN AREAS)

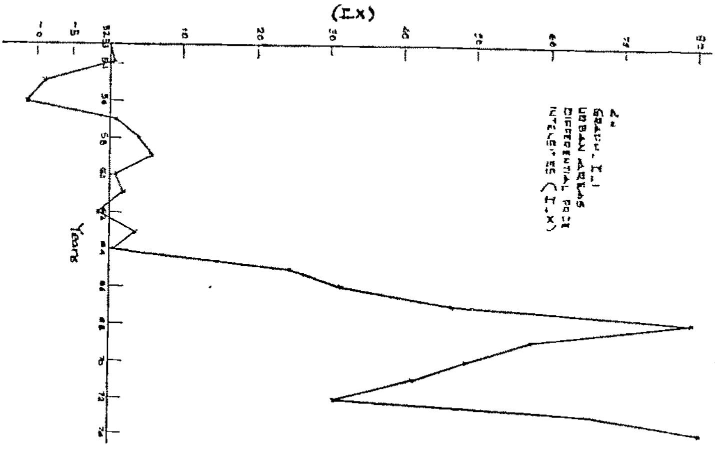
| Year<br>Decile Class | 52-53 | 53-54 | 54-55 | 55-56 | 56-57 | 57-58 | 58-59 | 59-60 | 60-61 | 61-62 | 62-63 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| I | 100 | 103.28 | 89.02 | 85.72 | 103.30 | 108.74 | 114.98 | 115.93 | 118.69 | 119.19 | 131.11 |
| II | 100 | 102.93 | 92.85 | 89.99 | 103.05 | 107.37 | 112.82 | 115.64 | 117.80 | 119.94 | 129.68 |
| III | 100 | 102.80 | 94.31 | 91.63 | 102.96 | 106.84 | 112.00 | 115.53 | 117.46 | 120.23 | 129.14 |
| IV | 100 | 102.72 | 95.24 | 92.66 | 102.90 | 106.51 | 111.48 | 115.47 | 117.24 | 120.41 | 128.79 |
| V | 100 | 102.66 | 95.94 | 93.45 | 102.85 | 106.25 | 111.08 | 115.41 | 117.08 | 120.55 | 128.53 |
| VI | 100 | 102.61 | 96.49 | 94.06 | 102.81 | 106.05 | 110.77 | 115.37 | 116.95 | 120.66 | 128.33 |
| VII | 100 | 102.56 | 96.98 | 94.61 | 102.78 | 105.88 | 110.49 | 115.34 | 116.84 | 120.76 | 128.14 |
| VIII | 100 | 102.52 | 97.43 | 95.11 | 102.75 | 105.72 | 110.24 | 115.30 | 116.73 | 120.85 | 127.98 |
| IX | 100 | 102.48 | 97.89 | 95.63 | 102.72 | 105.56 | 109.98 | 115.27 | 116.63 | 120.94 | 127.81 |
| X | 100 | 102.42 | 98.54 | 96.35 | 102.68 | 105.32 | 109.61 | 115.22 | 116.48 | 121.07 | 127.57 |
| (I—X) |  | +0.86 | -9.52 | -10.63 | +0.62 | +3.42 | +5.37 | +0.71 | +2.21 | -1.88 | +3.54 |

## TABLE IV (Continued)

| Year<br>Decile class | 63-64 | 64-65 | 65-66 | 66-67 | 67-68 | 68-69 | 69-70 | 70-71 | 71-72 | 72-73 | 73-74 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| I | 135.71 | 170.74 | 183.35 | 221.63 | 268.81 | 245.42 | 250.51 | 263.00 | 258.71 | 309.73 | 383.96 |
| II | 135.52 | 160.72 | 170.29 | 202.70 | 236.96 | 222.62 | 231.13 | 246.33 | 246.33 | 283.27 | 346.28 |
| III | 135.46 | 156.90 | 165.31 | 195.48 | 224.80 | 213.89 | 223.73 | 239.95 | 241.60 | 273.17 | 331.90 |
| IV | 135.41 | 154.46 | 162.14 | 190.88 | 217.67 | 208.35 | 219.03 | 235.93 | 238.60 | 266.75 | 322.76 |
| V | 135.38 | 152.61 | 159.73 | 187.39 | 211.18 | 204.14 | 215.45 | 232.85 | 236.31 | 261.86 | 315.80 |
| VI | 135.35 | 151.18 | 157.86 | 184.68 | 206.63 | 200.87 | 212.67 | 230.46 | 234.54 | 258.07 | 310.41 |
| VII | 135.33 | 149.88 | 156.19 | 182.24 | 202.53 | 197.94 | 210.18 | 228.32 | 232.95 | 254.67 | 305.56 |
| VIII | 135.31 | 148.72 | 154.67 | 180.04 | 198.83 | 195.28 | 207.93 | 226.38 | 231.51 | 251.60 | 301.18 |
| IX | 135.29 | 147.52 | 153.10 | 177.77 | 195.00 | 182.54 | 205.60 | 224.38 | 230.02 | 248.41 | 296.65 |
| X | 135.25 | 145.81 | 150.88 | 174.54 | 189.58 | 188.66 | 202.30 | 221.54 | 227.91 | 243.93 | 290.24 |
| (I—X) | +0.46 | +24.93 | +32.47 | +47.09 | +79.23 | +56.76 | +48.21 | +41.46 | +30.80 | +65.80 | +82.56 |

# GRAPH II


Price Indices
4 K
GRAPH I
URBAN AREAS
PRICE INDICES FOR THE LOWEST
AND HIGHEST DECILES
Highest
Lowest
Years
52/53
54
56
58
60
62
64
66
68
70
72
74
75
70
80
100
120
140
160
180
200
220
240
260
280
300
320
340
360
380


(I.X)
4 ..
GRAPH I
URBAN AREAS
DIFFERENTIAL PRICE
INTEREST (I.X)
Years
52/53
54
56
58
60
62
64
66
68
70
72
74
-10
-5
10
20
30
40
50
60
70
80

The foregoing discussion highlights the price rise in mass consumption goods during the past few years undoubtedly affecting all consumers. But the rate of rise being uneven among different commodities, its impact on the various income classes differed, depending on the pattern of consumption and the components thereof. It was, therefore, proposed to examine the differential effects on income groups in a spatial context, that is, in rural and urban areas.

Tables III and IV present separately the inflationary effects on ten decile income classes in rural and urban areas during 1952-53 through 1973-74. The differential effect with respect to the first and the tenth classes have been presented diagramatically in graphs I and II. Indices have been constructed for each of the ten decile classes for rural and urban areas separately. The difference between any two classes thus reveals the differential effect between them.

### *Impact on Income Groups*

The broad inferences that can be drawn from these tables and diagrams are given below.

As compared to the rest of the strata, the poorest ten per cent was the hardest hit by the inflation which started at the outset of the Second Plan and turned, of late, into a spiral. The suffering of the urban poor was substantially more intense than their rural counterparts. Even the fall in prices following bumper crops in certain years did not make the least difference. With rapid jump in prices the gap between the top and bottom rungs of society has grown wider. A glance through the tables and the diagrams is enough to convince one that the impact of the current inflation has been far from equal: it has affected the poor much more than the rich.

The analysis was subject to certain limitations, due to some unavoidable lacunae in our estimates. Firstly, rationing which was introduced in 1964 in the cities with population of a lakh or more could not be taken into account. Moreover some of the sample studies revealed that, even in the case of the limited number of rationed commodities, people had to fall back heavily on the open market for their requirements. Secondly, home produce which perhaps constitutes a part of total consumption, particularly in the rural areas, and also payments in kind to the agricultural labourers, have not figured in our estimates. But then the bottom decile class with respect to which differential price intensities are shown, might not have been fortunate enough to enjoy much of the home produce whereas the top class does not suffer from this disadvantage. Again with capitalist farming more in evidence in recent years, wages in kind might have been, to a great extent, replaced by cash payment. In view of these considerations, the conclusions retain their validity.

The differential effects of inflation have further widened the yawning gaps between the economic groups. In other words, inflation introduced a type of income distribution benefiting those, like traders, producers and their associates, whose collaboration with the system is direct. Vulnerable sections such as the tribal people, the scheduled castes, landless agricultural labourers, artisans, small cultivators and tenants in the countryside and the casual and unorganized workers in the towns had the-worst of it. To quote D R Gadgil, "The rise in prices in India after 1963 has been inadequately compensated for in relation even to the lowest paid government employees...it is obvious that where government servants suffer, the large proportions of the less favourably placed suffer more."[1]

## *Price Policy Background*

Before evaluating the government's price policy, it will be necessary to note the objective conditions against which such policy is operated. India is characterized by the prevalence of both feudal and capitalist modes of production side by side, and with the passage of time the former is yielding place to the latter. In certain rural areas there are big landed peasants with attached agricultural labourers and in others, rich landed peasants are engaged in capitalist farming. In both cases the dependence of the agricultural labourers for their livelihood on the big peasants is total in view of the low wage levels. Even the small and marginal farmers, rural artisans and the like, have to rely on the big farmers for their requirements. The links of the people at the bottom with those at the top have perpetuated varied forms of exploitation such as money-lending at exorbitant rates of interest. Similarly in the urban areas there are the big producers, traders and their associates at one extreme and the vast numbers of workers in the unorganized sector at the other. Thus the means of production are concentrated in the hands of a relatively small number of big landed peasants in rural areas and big producers and traders in the urban centres. These are the very pressure groups which render competitive market forces inoperative. In other words, the concentration of economic power gives rise to a glaring maldistribution of wage goods.

Massive investment particularly in capital goods industries and in the provision of socio-economic overheads during the plan period generates employment and income. This, in turn, results in a sizable increase in demand for wage goods. It is, therefore, quite natural that there will be a price rise if the supply of wage goods does not match the demand as the demand for wage goods is price-inelastic. Production of wage goods being dependent on extraneous factors like weather, occasional shortages in wage goods is only to be expected. But even a small initial shortage in their supply activates traders and speculators, and presently even the big landed peasants, to corner large stocks and thus push the price much higher than what is warranted by actual shortage. Incidentally, price rise in wage goods is soon transmitted to other sectors as well. This type of control by the pressure groups perpetuates the high level of prices even when the harvests are better. Thus they do not allow the prices to fall to the extent that would have been possible under competitive forces. In the circumstances there always accrues a larger margin of profits to the vested interest groups. This, in turn, is ploughed back more and more in the form of investment on speculative and trading activities. This type of operations has the effect of raising the level of money supply, both the white and black components of it. In the ultimate analysis, it is the inflationary situation which, in the Indian context, lies at the root of increase in money supply rather than the other way round. Thus it may be concluded that inflation is the result of the monopoly control of the pressure groups over the availability of surplus flows (wage goods) and their distribution.

## *Monetary, Fiscal and Regulatory Measures*

Viewed from this angle, traditional monetary and budgetary policies cannot be fully effective in curbing inflation. The monetary measure normally prescribed for combating inflation is the tightening of credit facilities. This policy is operative to the extent that credits are routed through the financial institutions under government control. But there is a vast unorganized money market outside the purview of the government. The latter by itself becomes, directly or indirectly, the source of substantial credit for hoarding and speculative operations. As such, government's credit squeeze policy imposes restrictions on production credit rather than trading credit. The end result is that it gives rise to recession in industry and thereby creates massive unemployment. (While referring to productive activities, our intention is not to justify all productive activities that are generated by the market forces.)

Budgetary policy, on the other hand, is mainly directed at the containment of deficit financing. Deficit financing can be curtailed either by mobilizing more resources or by curtailing expenditure or a combination of both. When vested interests and pressure groups play a crucial role in the formation of governments and their functioning, an attempt to contain deficit financing results in pruning the developmental expenditures rather than the non-developmental. Like credit squeeze, this measure may also lead to a recession in industry.

The other type of measures which may be described as regulatory consists of bridling private trade through instruments such as price fixing, dual prices, ceiling prices or buffer stock operations. Effectiveness of the regulatory measures depends on the extent to which controls can be made to apply to the vested interests and pressure groups. For example, buffer stock operations can succeed only if it can procure wage goods in the face of resistance by traders and big landed peasants who have lately combined farm production with agribusiness.

Beginning with 1961-62 (prior to which there was no price policy barring selective credit controls by the Reserve Bank) a number of monetary, budgetary and regulatory measures were tried by the Government of India. All these policies were set at naught by crop failures from time to time. As a result, when most of those measures were in operation in 1973-74, prices of mass consumption goods reached a height never known in the past.

It follows, therefore, that if inflation cannot be trimmed through monetary, budgetary and regulatory measures, we will have to accept it as a part of the system. In that case, distributional distortions both through income and price intensity differentiation to the advantage of the higher strata are inevitable. As a corrective, soft policy makers may think in terms of an income-price policy. But that, too, will share the same fate as other policies because of the objective conditions already indicated. So, a step in the right direction would be the takeover of the wholesale trade in foodgrains and edible oils together with the nationalization of industries connected with other wage goods. Once this is done, the distribution of mass consumption goods can be channelled through a public distribution system encompassing all the rural and urban areas. This is the only safeguard for the vulnerable sections, creating at least a background for other policy measures to generate growth with stability.

## Appendix

## *A TECHNICAL NOTE ON METHODOLOGY AND ESTIMATES*

In the present exercise we have combined Engel curves with price relatives and computed the cost of living indices for each income class. Suppose that $e$ is the total expenditure and $w_i$ is the proportion of expenditure devoted for the $i^{th}$ item. Let $r_i$ denote the ratio of the price of the $i^{th}$ item in the current year to its price in a fixed base year. The cost of living index at the total expenditure level $e$ is given by

$$I_e = 100 \sum w_i r_i \qquad (1)$$

Let $e_i$ denote the expenditure on the $i^{th}$ item at the total expenditure level $e$. An Engel function can be approximated by a linear function and can be defined as

$$e_i = a_i + b_i e \qquad (2)$$

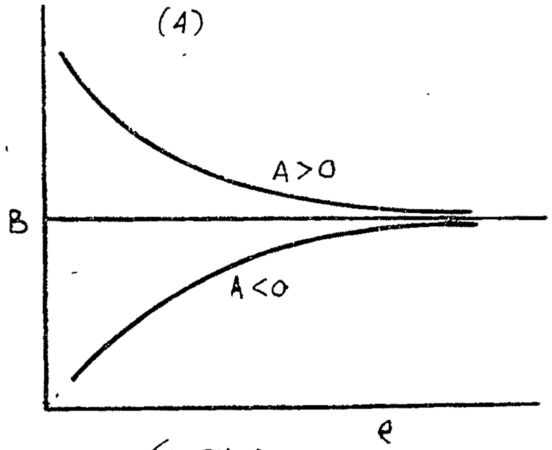
In (2) $a_i$ and $b_i$ are the parameters. It may be pointed out that instead of a linear function, any other type of function can be tried. However, linear functions fulfil the adding up property and at least in broad groups they fit well.

Combining (1) and (2)

$$I_e = 100 \left\{ \frac{\sum a_i r_i}{e} + \sum b_i r_i \right\} \qquad (3)$$

$$= \frac{A}{e} + B \qquad (4)$$

It can be seen that (4) is a hyperbolic function (See graph $A_1$.) It is quite natural that the effect of price change will be uniform for all classes if $A = O$. If $A$ takes a decisive size in plus, the intensity of price rise will be more for the poor classes, or the intensity of price fall will be



GRAPH A1

less for the poor classes. Alternatively if $A$ takes a decisive negative value, the price changes will be favourable to the poor classes.

Thus cost of living indices at various expenditure levels can be computed by using (4). Our next step is to estimate average total expenditure values for each decile class. For this purpose, let us assume that $e$ is distributed according to log-normal hypothesis.[2] In standard notation we may write

$$e \sim \Lambda \; (\mu, \lambda) \qquad (5)$$

The mean value of $e$ is given by

$$E(e) = \exp \; (\mu + \tfrac{1}{2}\lambda^2) \qquad (6)$$

The share of the lowest per cent of the population is given by

$$\phi \; (t_p - \lambda) \; \exp \; \{\mu + \tfrac{1}{2}\lambda^2\} \qquad (7)$$

$$\phi \; (t_p) = p \qquad (8)$$

where $\phi$ is the normal probability integral.

It is clear that average total expenditure level for each decile class can be computed by using (7). Once these are estimated, cost of living indices can be computed for each decile class by using (4).

## *Data and Estimates*

We need for our analysis the data on prices and consumer expenditure. It would have been ideal for the exercise to have retail price data. In the absence of a reliable compendium of retail prices we were forced to use the wholesale price relatives compiled by the office of the Economic Adviser as an approximation to the retail price relatives for both rural and urban sectors. The differences between absolute retail and wholesale prices are due to trade and transport margins. Assuming that these margins form a fixed proportion of the wholesale prices, we may take it that the wholesale price ratios approximate to retail price ratios. Extensive experimentation with Gujarat data, for which both types of price data are available for some agricultural commodities, reveals that the above assumption is not wide of the mark. Another likely source of error in using the above price indices is that they do not allow for the regional variations in prices. In a wholly integrated economy, regional price differentials are only short-period phenomena and they will set in motion a series of supply and demand adjustments which will remove all distortions. However, in a country like India, the presence of imperfections in competitive forces and restrictions imposed by different state governments on trade may operate against such self-balancing adjustments and may permit the persistence of the regional price differentials. The other limitations are related to dual price policies, presence of a parallel economy and so on. Most of these limitations are well known as they are common to the construction of price index numbers.

All-India group price indices have been computed from the individual price ratios by giving weights based on the 17th round National Sample Survey (NSS) data on consumer expenditure. The weights are arrived at by pooling the rural and urban data. The group price indices are given in table I.

The main source of data for the estimation of parameters of the Engel curves is the NSS consumer expenditure data for the 17th round (1961-62). The NSS reports furnish the details of per capita consumer expenditure for thirteen expenditure classes. We have estimated linear

TABLE A-1

ESTIMATED ENGEL CURVES

| | Commodity Groups | Rural | | | Urban | | |
|---|---|---|---|---|---|---|---|
| | | a | b | $R^2$ | a | b | $R^2$ |
| | 1 | 2 | 3 | 4 | 5 | 6 | |
| 1 | Cereals | 5.1078 | 0.1684 | 0.8679 | 6.1084 | 0.0362 | 0.4350 |
| 2 | Pulses | 0.3081 | 0.0279 | 0.9164 | 0.6078 | 0.0097 | 0.6371 |
| 3 | Milk and milk products | -0.7863 | 0.1054 | 0.9420 | -0.1657 | 0.1009 | 0.9647 |
| 4 | Edible oils | 0.0392 | 0.0290 | 0.9827 | 0.5375 | 0.0203 | 0.7847 |
| 5 | Meat, fish and egg | -0.0378 | 0.0299 | 0.9223 | 0.1856 | 0.0301 | 0.9138 |
| 6 | Sugar and gur | -0.2043 | 0.0391 | 0.9876 | 0.3644 | 0.0179 | 0.8301 |
| 7 | Other food | 0.0645 | 0.0870 | 0.9807 | -0.6410 | 0.1614 | 0.9963 |
| 8 | Clothing | -1.4883 | 0.1584 | 0.9713 | -1.2766 | 0.1089 | 0.9948 |
| 9 | Fuel and light | 0.5599 | 0.0374 | 0.9353 | 0.8009 | 0.0363 | 0.9430 |
| 10 | Other non-food | -3.5627 | 0.3174 | 0.9152 | -6.5213 | 0.4783 | 0.9653 |

Engel curves for 10 commodity groups by using weighted least squares, weights being the number of persons in each expenditure class and the estimates are presented in Table A-1.

Separate groups of price indices corresponding to the Engel curves for rural and urban areas have been computed by using the weights based on their corresponding mean level itemwise expenditures. Using group price ratios and the estimated Engel curve parameters in equation (3) *A* and *B* of (4) are computed (See table A-2). Ideally, we should have taken further disaggregated level of Engel curves and price ratios instead of the ten group levels. But for practical reasons, it was decided to deal with broad groups. There are also a couple of reasons for dealing with broad groups. First, the linear Engel curves will not be suitable at a disaggregate level. Second, the weights will be affected by changing price structure, and more so at a disaggregate level because of substitution effect. The weights are likely to be more stable at a broad group level. Nevertheless some checks at further disaggregate level for a few groups, particularly cereals, indicate that the estimates obtained at the aggregate level are very close to those built from disaggregate level. All the

TABLE A 2

| Year | Rural | | Urban | |
|---|---|---|---|---|
| | A | B | A | B |
| 1952-53 | 0.00 | 100.0 | 0.00 | 100.00 |
| 1953-54 | -7.50 | 101.75 | 7.13 | 102.34 |
| 1954-55 | -64.62 | 97.46 | -79.40 | 99.47 |
| 1955-56 | -58.65 | 92.92 | -88.69 | 97.39 |
| 1956-57 | - 6.12 | 102.60 | 5.16 | 102.62 |
| 1957-58 | 1.25 | 105.84 | 28.48 | 104.99 |
| 1958-59 | 12.65 | 109.50 | 44.75 | 109.09 |
| 1959-60 | -11.88 | 114.63 | 5.91 | 115.15 |
| 1960-61 | -17.62 | 121.28 | 18.43 | 116.26 |
| 1961-62 | -33.05 | 119.71 | -15.67 | 121.25 |
| 1962-63 | -41.73 | 124.75 | 29.53 | 127.22 |
| 1963-64 | -28.39 | 140.94 | 3.80 | 135.21 |
| 1964-65 | 99.07 | 146.30 | 207.93 | 143.38 |
| 1965-66 | 69.67 | 150.66 | 270.80 | 147.71 |
| 1966-67 | 267.37 | 172.41 | 392.72 | 169.95 |
| 1967-68 | 388.52 | 193.23 | 660.78 | 181.85 |
| 1968-69 | 272.92 | 190.10 | 473.37 | 183.12 |
| 1969-70 | 291.53 | 198.14 | 402.06 | 197.60 |
| 1970-71 | 207.31 | 215.05 | 345.71 | 217.50 |
| 1971-72 | 87.80 | 225.61 | 256.82 | 224.91 |
| 1972-73 | 259.76 | 245.45 | 548.91 | 237.49 |
| 1973-74 | 338.68 | 289.04 | 781.59 | 281.10 |

same, some of these limitations are being overcome by incorporating substitution effect in our studies which are now in progress.

The NSS reports also give the distribution of persons by thirteen per capita expenditure classes separately for rural and urban areas. We have estimated from them the parameters of the log-normal distribution by using quantile method. The estimates are presnted in table A-3.

TABLE A-3

ESTIMATES OF ($\mu$, $\gamma$)

| Parameter | Estimate | |
|---|---|---|
| | Rural | Urban |
| $\mu$ | 2.8699 | 3.1957 |
| $\lambda$ | 0.6465 | 0.6885 |

By using parameter estimates given in table A-3, the average xpenditure for each decile class has been computed by using (7) and (8) and the estimates are presented in table A-4.

TABLE A-4

ESTIMATED AVERAGE TOTAL EXPENDITURE

| Decile Class | Estimated Average | Total Expenditure |
|---|---|---|
| | Rural (Rs) | Urban (Rs) |
| I | 5.85 | 7.60 |
| II | 9.02 | 11.98 |
| III | 11.39 | 15.38 |
| IV | 13.75 | 18.75 |
| V | 16.32 | 22.49 |
| VI | 19.12 | 26.63 |
| VII | 22.64 | 31.88 |
| VIII | 27.36 | 38.89 |
| IX | 34.76 | 50.16 |
| X | 57.08 | 85.13 |

Using the estimated expenditures, the cost of living indices for each decile class have been arrived at (See tables IV & V.)

We have already referred to some limitations of the data. In addition the study is restricted by the presence of a non-monetized economy in the rural areas. These limitations influence the strict accuracy of the estimates. But their broad directions remain unaffected.

*(The authors acknowledge the help extended by G V S N Murthy, M L Jhala and and L Tombi Singh)*

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[1] D R Gadgil, "Planning without a Policy Frame", *Economic and Political Weekly*, Annual Number 1967.

[2] The log-normality assumption is fairly well established for the consumer expenditure data. See N S Iyengar, "Analysis of Consumer Expenditure and Data", in A K Dasgupta (Ed) *Methodology of Economic Research*, Asia Publishing House 1968.

*N KRISHNAJI*

# *State Intervention and Foodgrain Prices*

THE prices of foodgrains have risen at an unprecedented rate during the last two years. The phenomenon, described as an 'inflationary crisis' is being attributed to a variety of reasons such as the expansion of money supply, worldwide shortage of food supplies and the indirect impact of the rise in petroleum prices. These explanations ignore the reality of political power-relations in the country; a more satisfactory understanding of the crisis requires an examination of the role of the state in relation to the different social classes.

The word 'crisis' according to the dictionary means 'a turning point'. It is difficult to discover any such turning point in the Indian economy during the last two years: while it is true that in quantitative terms the current price rise is the highest in recent times it is doubtful whether it is the result of a sharp qualitative change taking place in the social and political processes. On the other hand, there are good reasons to believe that a definite turning point occurred during the late sixties. This was the period of the first phase of the so called 'Green Revolution' in the northern wheat belt. It was the point at which the state began to actively intervene to protect and further the interests of the surplus-producing farmer. It was then that the process of emergence of the big farmers as a powerful class began; the price structure today is but one consequence of the strength of this class which has grown during the period and remains unchallenged.

Of course, one could argue that the big landlords—however defined—have always been ruling-class partners since independence: the failure of land reforms and the 'inability' of the state to tax the rural rich are two examples that could be cited of the result of this partnership. This is true but it is only after 1967-68 that the farm lobby, backed up by large wheat surpluses, had been able to influence the price and credit policies of the government for creating an environment advantageous to the large farmer. It is in this sense that 1967-68 marks a turning point.

It is instructive to begin with what has happened during the last three years. By early 1972 the government had accumulated stocks of foodgrains to the extent of 7.88 million tonnes. This accumulation was in a large measure the result of high procurement prices offered during the preceding four years which saw a succession of fairly good crops particularly of wheat. The production of foodgrains during the agricultural year 1971-72 was about 105 million tonnes which was marginally lower than the previous year's record output of 108.4 million tonnes. Then followed a year of drought, 1972-73, when production dipped to about 95 million tonnes. The next year, 1973-74, witnessed a partial recovery with an estimated production of the order of 105 million tonnes.

## *Price Behaviour*

Correspondingly, the wholesale price index of foodgrains, reckoned as an annual average on a calendar year basis, with 1961-62=100, moved from 209.8 in 1971 to 237.8 and 280.9 in the next two years; the average of the index during the first six months of 1974 was 343.5. Thus a marginal fall in production in 1971-72 (by about 3 per cent) produced a 13.3 per cent increase in prices in spite of large stocks of grains held by the government at the beginning of the year and a fall by 9.5 per cent in production during 1972-73 resulted in an increase of 18.1 per cent in prices. The good crop of 105 million tonnes in 1973-74, partly made up of a bumper kharif harvest, did not bring about any fall in prices in 1974: instead, the price index moved up by a further 22.2 per cent in the half year. These price increases, particularly the last one, apparently somewhat anomalous, have given rise to the talk about a crisis.

A succession of two bad harvests is by no means a new experience. It has happened before and not in the remote past although the euphoria created by the 'Green Revolution' may have blurred the time perspective at least for some. A comparative picture of these two periods with respect to the availability of foodgrains and government operations is given in tables I and II.

The impression of anomalous price behaviour during 1972-74 gets strengthened by this comparison : whereas net availability per person from domestic production alone was in the neighbourhood of 350 grammes per day in 1966 and 1967, it was 448 in 1972 (398 in 1973 and 430 in 1974).

## TABLE I

### Production and Stock of Foodgrains

| | Production of Foodgrains | | Stocks at the Beginning of the Year (mn. tonnes) | Population (million) | Per-capita (gms/day) | |
|---|---|---|---|---|---|---|
| Year | Gross (million tonnes) | Net (million tonnes) | | | Net Production | Net Production+Stocks |
| 1966 | 72.347 | 63.304 | 2.08 | 493.2 | 351 | 363 |
| 1967 | 74.231 | 64.952 | 2.22 | 504.2 | 352 | 365 |
| 1972 | 105.168 | 95.022 | 7.88 | 562.5 | 448 | 486 |
| 1973 | 95.201 | 83.300 | 3.41 | 574.0 | 398 | 414 |
| 1974 | 105.000 | 91.875 | 2.78 | 586.0 | 430 | 442 |

SOURCES : *Reports of the Agricultural Prices Commission*, and *Bulletin on Food Statistics.*

NOTES : 1 Production in 1966 refers to the agricultural year 1965-66 and so on.
2 Net production is derived after making allowance for seed, feed and wastage.
3 1974 figures are estimated on the basis of information available in the reports of the Agricultural Prices Commission.

If the stocks at the beginning of the year are also taken into account the potential availability in 1972 works out at 486 gms. per person per day (See table I);in the entire post-independence period this was a record high: it was only in 1965 that we had a similar comfortable position with respect to foodgrain availability.[1] Of course, this was the situation at the beginning of the year. Even after making allowance for stocks held over by the government for the next year the availability during the year was 467 gms. per capita per day which was significantly higher than what was available in 1966 and 1967 from production ,imports and stocks(Table II). And yet during 1972 prices rose by 13.3 per cent compared to the 11.8 per cent increase during 1966 when production fell by as much as 19 per cent (from 89.4 million tonnes in 1964-65). An official explanation is given below :

> The rise in prices in 1972 was largely due to a shortfall in the production of foodgrains... The speculative atomosphere created first by the delayed arrival of monsoons in July 1972 and later by highly exaggerated accounts of the loss of kharif output also played a role. In view of the encouraging prospects for the coming rabi crop the pressures generated by the psychology of scarcity should abate.[2]

The hopes were belied but it is clear from our analysis of the availability of foodgrains in 1972 that the shortfall-in-production argument is not valid. There remains the question of the 'psychology of scarcity' and how the 'speculative atmosphere' was created and by whom. To understand this, the statistics ofgovernment operations in foodgrains must be looked into.

## TABLE II

### Availability and Prices of Foodgrains

| Year | Net Production | Opening Stocks | Procurement | Imports | Issues | Closing Stocks | Per-capita Availability (gms/per day) | Wholesale Price Index (1961-62 =100) | Increase over Previous Year (per cent) |
|---|---|---|---|---|---|---|---|---|---|
| | (million tonnes) | | | | | | | | |
| 1966 | 63.304 | 2.08 | 4.01 | 10.34 | 14.22 | 2.22 | 408 | 171.0 | 11.8 |
| 1967 | 64.952 | 2.22 | 4.46 | 8.67 | 13.42 | 1.93 | 401 | 225.0 | 31.6 |
| 1972 | 92.022 | 7.88 | 7.70 | 0.45 | 11.39 | .341 | 467 | 237.8 | 13.3 |
| 1973 | 83.300 | 3.41 | 8.43 | 4.24 | 11.38 | 2.78 | 418 | 280.9 | 18.1 |
| 1974 | 91.875 | 2.78 | | | | | 442* | 343.5** | 22.2** |

SOURCES: *Reports of the Agricultural Prices Commisions* and *Bulletin of Food Statistics.*

NOTES: Net availability is derived as net production + imports + change in stocks.

* refers to availability worked out on the basis of production and opening stocks only.

** refers to data relating to the average of first six months of 1974.

### *Speculative Atmosphere*

It is difficult to estimate the quantum of grain actually distributed through the fair price shops under the public distribution system. Firstly, according to the figures given in table II, procurement plus imports plus change in stocks amount to 12.62 and 13.30 million tonnes in 1972 and 1973 respectively while the corresponding quantities 'issued' are given as 11.39 and 11.38 million tonnes. The gaps of 1.23 million tonnes in 1972 and 1.92 million tonnes in 1973 are unexplained. Secondly, 'issues' include "direct sales from Central FCI depots to fair price shops, mills, defence services, etc..."[3] and it is not clear whether the 'etc' covers the direct open market sales by the Food Corporation of India (FCI) during 1972. Issues also include the grain consumed by refugees and exports to Bangladesh. We could get no information on the quantum of the FCI sales but since, during 1972, 134 thousand tonnes were consumed by the refugees and 909 thousand tonnes were exported to Bangladesh[4], not more, and possibly significantly less, than 10 million tonnes appear to have been actually distributed through the fair price shops. Judging from the issue figures the public distribution system seems to have performed much better during 1966 and 1967 thanks to the huge quantities of wheat imported on concessional terms. In any case since the net availability from domestic production alone was 448 gms. per person per day during 1972 it is clear that the large stocks held by the government, instead of being used for price stabilization, were allowed to pass into the hands of speculative traders. A last point is that neither the feeding of the refugees from Bangladesh nor exports to that country later can adequately explain the price rise of 1972 since the quantities involved add up to no more than a million tonnes compared to the stock of 7.88 million tonnes. The conclusion is inescapable that while the net availability (availability and not what actually came into the market) was no doubt high, a significant part of the grain must have been cornered and hoarded by private traders thanks to the 'speculative atmosphere' created by the government.

### *Wheat Procurement Foiled*

Was it a case of mismanagement? If it was, did the government learn the lesson? To answer these questions we must analyse the events of 1973 and 1974. Following the 1972 price rise and the crop failure during 1972-73 the government nationalized wheat trade in April 1973. That this had no impact on the prices is clear from table II. The *Economic Survey* explains this failure in the following terms:

> The most important development in price policy in 1973 was nationalization of the wholesale trade in wheat in April 1973. The basic objective of the scheme was to enable the government to procure enough wheat to meet the needs of an expanding public distribution system at stable, though remunerative, prices. It was felt that, in the absence of monopoly procurement, the state would not be able to prevent violent fluctuations in prices of foodgrains in the wake of fluctuations in output...
>
> The procurement target for wheat out of the 1973 rabi crop which was initially fixed at eight million tonnes, was later on scaled down to six million tonnes. However, procurement of wheat during the period April to December, 1973 fell short not only of the target but also of the actual procurement during the corresponding period of 1972. The fact that production of wheat in the rabi season declined from 26.4 million tonnes in 1971-72 to 24.9 million tonnes in 1972-73 was, no doubt, a contributory factor to this outcome. *It is also obvious that the active opposition of landed interests and private traders, and a lack of effective administrative arrangement in some states, hampered the procurement effort.* It has been suggested that the procurement price of wheat, fixed at Rs 76 per quintal for standard red Mexican variety for the 1973 rabi crop, meant an effective reduction in the net return to farmers from their sales as compared to the preceding year (when a part of output was sold at higher free market prices) and that this factor induced the farmers not to sell their entire surplus wheat to the public sector agencies. There is no doubt some substance in this argument. *However, the fact that shortfall in procurement was lower in a state like Punjab, where costs of cultivation tend to be higher than in many other states, suggests that the unsatisfactory performance of procurement cannot be adequately explained by reference to the alleged unremunerativeness of procurement prices.*[5] (italics added)

This was the setting in October 1973 when the government's kharif price policy was to be formulated. The failure of procurement in the preceding rabi, it is admitted, was not the outcome of unremunerative prices; the "active opposition of landed interests and private traders" was at least partly responsible. In the face of such opposition what could the helpless government do but raise the procurement price! This was accomplished in the following way:

> The distinction between the guaranteed minimum price (support price) and the procurement price was revived. In order to provide farmers with an adequate incentive to increase production, the guaranteed minimum prices for the kharif cereals during 1973-74 marketing season, announced at the time of sowing, were increased as compared to the procurement prices of rice and coarse grains in the preceding season. Subsequently in October 1973, the procurement prices were fixed at a level higher than the guaranteed minimum prices. As a result the procurement price for standard vareity of paddy was raised from an average of Rs 54 per quintal in 1972-73 to the uniform level of Rs 70 per quintal in 1973-74...[6]

## *Incentive Prices*

The alleged distinction never existed: the procurement price, since 1968, always fulfilled the role of a support price. For example, the preface to the report of the Agricultural Prices Commission on minimum prices for wheat and gram for the 1968-69 crop signed by a Secretary to the Government says:

> ...it was decided not to announce the minimum support prices for wheat and gram for the 1968-69 crop as Government was already committed to purchase any quantity of foodgrains offered for sale at procurement prices. It was considered that as procurement prices were virtually fulfilling the role of the support prices, the announcement of minimum support prices might confuse the farmers and create apprehensions that the policy of offering incentive prices was being revised by the government....

Of course, this was in a period of relative abundance when prices were threatening to fall and the farmer had to be given a bonus over and above a support price but in October 1973, a period of 'scarcity', the distinction had to be "revived" for increasing the procurement price even though there was no need for support operations.

The corresponding issue prices were also raised by about 25 per cent.[7] And the net result: rice prices which normally fall during the quarter October to December rose instead (See table III); and this has happened in a marketing season which by all accounts corresponded to a bumper kharif harvest.

One may still call this a case of mismanagement and refuse to recognize the power of the traders and big farmers to dictate terms to the government but what happened soon after dispels such doubts. Came April 1974, the start of the rabi marketing season and the procurement price of wheat was increased from Rs 76 to Rs 105 per quintal and as if that was not sufficient the government withdrew the takeover of wheat trade and made a pact with the private trade. Under this agreement the traders were supposed to surrender one half of the wheat that they bought at the procurement price of Rs 105 per quintal; there was much confusion about the price at which they could sell the remainder, the government insisting on a maximum of Rs 115 per quintal and the trade refusing to recognize it, but in the event wheat prices increased by 18 per cent during the quarter April to June 1974 over the previous quarter. Since 1968, this was the first time that wheat prices did not fall in the immediate post-harvest season, repeating the kharif story of the previous season. It is as if the nation was told by the wheat traders and farmers that abnormal price rises were not the exclusive preserve of the rice trade.

## *Psychology of Scarcity*

We have already argued that prices rose at a rapid rate during 1972 not because of shortages in availability but because grain was hoarded by traders. A comparison of the statistics of availability and prices between 1973 and 1974 and the earlier period 1966 and 1967 (Table II) shows that stocks with private traders(and possibly big farmers) must have increased during the last two years. The price policies of the government have worked for and not against this process. The Agricultural Prices Commission (APC) provides the following commentary on the sequence of events just described.

> According to the normal seasonal pattern, the index number of foodgrain prices tends to reach a trough in April when the arrivals of wheat in the market are brisk, and rises thereafter till about October to take another dip in November and December when the market arrivals of the kharif cereals are in full swing and then rises again till March before the next rabi crop arrives in the market. The increase in the index between April and October 1973, amounting to about 11 per cent as compared to the increase of 15 per cent over the corresponding period of 1972, did reflect the good kharif crop 1973-74, but instead of declining in November-December, as would normally have been expected, *the index rose in response to the increases effected in the prices of the cereals issued through the public distribution system consequent to the sizable increases allowed in the procurement prices of the kharif cereals.* Thus, the subsequent seasonal rise started from a higher base than would have been the case if the administered prices had not been jacked up so substantially. Even so, the rise in the index between December 1973 and March 1974, being of the order of 8 per cent, was comparatively moderate but, combined with the decline in wheat output, the sharp increase in the procurement and hence the issue price of wheat effected in April 1974 set into motion a process of continuing rise in the index till, additionally reflecting the effect of the delay in the southwest monsoon, it recorded an increase of another 18 per cent in the short span of four months between March and July 1974.

> It is, thus, clear that with more than half of the increase in the index concentrated in the last four months and with its unseasonal rise at the time of the arrival of the kharif crop in the market, *an important part of the overall increase was the result of the sharp increases effected in the administered prices of foodgrains and their impact on the open market prices;* the issue price of wheat was increased, albeit in two rounds, by an aggregate of 60 per cent. *This then is the setting in which once the pace of price rise became fast, hoarding of grain by those who had the means to do so, and the bypassing of mandies by the producers in an effort to dodge the levy, became extensive, and the flow of grain became tardy, thus feeding the psychology of scarcity.*
>
> The moral of the story is obvious: in a situation like this, there should be utmost restraint in effecting increases in administered prices...[8] (italics added).

It is not just the APC that alludes to the hoarding of grain. By October 1974, ministers of the Central Government began talking of effective steps to dehoard grain: for example, Jagjivan Ram, the Minister for Agriculture and Irrigation said on October 23, 1974 that the Centre had instructed state governments to take "effective legal steps, including the application of the provisions of the Maintenance of Internal, Security Act and the Defence of India Rules if persuasion failed to bring out the foodgrains hoarded by big farmers."[9]

What then is the crisis today? It is that hoarders have appeared suddenly on the scene or is it that state intervention has acquired a distinct class bias only in the last two years? Hoarding (or withholding of stocks in anticipation of price increases—as economists euphemistically describe it) is a time-honoured activity of the traders. What is new is probably the forceful demonstration that they not only hold stocks but also the power of life and death over millions of people. And there is nothing new in the state pursuing policies that favour the large farmer either: such a course was certainly begun in 1967-68. These themes are elaborated in some respects in the following section.

## *Trends and Seasonality, 1968-74*

To study price movements, the most appropriate course is to follow price levels from month to month for each crop separately but in this article we shall satisfy ourselves with the somewhat incomplete picture presented by the quarterly average prices for the two major crops, rice and wheat.

Prices of rice generally fall during the last quarter of the year when the new harvest comes into the market; the preceding quarter, that is July to September is the lean season for market arrivals and is usually characterized by high prices. Similarly the peak and lean seasons for market arrivals of wheat coincide approximately with the quarters April to June and January to March respectively. We may accordingly identify two types of seasonal change in prices quite clearly: the seasonal fall during the peak arrival season—the immediate post-harvest period—and the seasonal rise which takes place in the remainder of the year. Roughly speaking the pressure of severe shortage should get reflected in a small seasonal fall and a large seasonal rise; similarly bumper crops are expected to bring about large decreases and small increases in the peak and lean season prices respectively. Actual price movements may not conform to these expectations because the state is a big buyer: both the level of the procurement price—which, acting as a support price prevents a normal fall—and the quantity procured significantly influence the course of price movements through the year. Another factor which determines, and which in turn is determined by, the seasonal changes in price is the seasonal pattern of arrivals in the market; similarly hoarding can also give rise to unexpected seasonal changes.

## TABLE III

### QUARTERLY AVERAGES OF THE INDEX NUMBERS OF WHOLESALE PRICES (1961-62 = 100)

| | | Index Numbers | | | | Change over the Previous Quarter (%) | | | |
|---|---|---|---|---|---|---|---|---|---|
| Crop | Year | January-March | April-June | July-September | October-December | January-March | April-June | July-September | October-December |
| Rice | 1968 | 195.7 | 204.0 | 208.0 | 193.0 | — | 4.2 | 2.0 | -7.2 |
| | 1969 | 180.3 | 190.0 | 206.3 | 191.7 | -6.6 | 5.4 | 8.6 | -7.1 |
| | 1970 | 191.5 | 205.5 | 210.2 | 197.8 | -0.1 | 7.3 | 2.3 | -5.9 |
| | 1971 | 191.6 | 200.1 | 211.8 | 203.8 | -3.1 | 4.4 | 5.8 | -3.8 |
| | 1972 | 201.6 | 216.7 | 239.4 | 236.6 | -1.1 | 7.5 | 10.5 | -1.2 |
| | 1973 | 234.9 | 254.4 | 281.4 | 290.0 | -0.7 | 8.3 | 10.6 | 3.1 |
| | 1974 | 304.6 | 346.6 | — | — | 5.0 | 13.8 | — | — |
| Wheat | 1968 | 212.7 | 193.7 | 204.0 | 208.0 | | -9.0 | 5.3 | 2.0 |
| | 1969 | 211.3 | 197.0 | 208.0 | 209.7 | 1.6 | -6.8 | 5.6 | 0 8 |
| | 1970 | 234.2 | 209.8 | 207.7 | 206.1 | 11.7 | -10.4 | -1.0 | -0.8 |
| | 1971 | 210.9 | 202.0 | 303.5 | 208.4 | 2.3 | -4.2 | 0.7 | 2.4 |
| | 1972 | 218.6 | 205.8 | 215.1 | 223.8 | 4.8 | -5.9 | 4.5 | 4.0 |
| | 1973 | 243.8 | 213.5 | 211.8 | 231.2 | 8.9 | -12.5 | -0 8 | 9.2 |
| | 1974 | 281.1 | 232.7 | — | — | 21.6 | 18.4 | — | — |
| All Food-grains | 1968 | 220.0 | 203.1 | 208.5 | 201.0 | | -7.7 | 2.6 | -3.6 |
| | 1969 | 191.2 | 198.9 | 213.4 | 205.2 | -4.9 | 4.0 | 7.3 | -3.9 |
| | 1970 | 212.8 | 210.8 | 211.5 | 203.6 | 3.7 | -0.9 | 0.3 | -3.7 |
| | 1971 | 201.4 | 202.2 | 217.5 | 218.2 | -1.1 | 0.4 | 7.6 | 0.3 |
| | 1972 | 221.8 | 226.7 | 249.5 | 253.1 | 1.7 | 2.2 | 10.1 | 1.4 |
| | 1973 | 260.8 | 270.1 | 290.4 | 302.1 | 2.8 | 3.6 | 7.5 | 4.0 |
| | 1974 | 312.5 | 365.4 | — | — | 6.4 | 13.7 | — | — |

NOTE: Quarterly averages are compiled from monthly average figures collected from the *Reports of the APC* and the *Bulletin on Food Statistics* for all but the last quarter (April-June 1974) for which the data have been taken from the *Reserve Bank of India Bulletin.*

## TABLE IV

### AVAILABILITY OF RICE AND WHEAT AND SEASONAL CHANGES IN PRICES : 1968-74

| | Per-Capita Net Availability | | | Seasonal Change in Wholesale Prices(%) | | | |
|---|---|---|---|---|---|---|---|
| Year | Rice | Wheat | All Food- | Rice | | Wheat | |
| | (grams per day) | | grains | Peak Season | Lean Season | Peak Season | Lean Season |
| 1968 | 183.7 | 95.8 | 460.2 | -7.2 | — | -9.0 | — |
| 1969 | 190.5 | 100.5 | 445.1 | -7.1 | 6.9 | -6.8 | 8.9 |
| 1970 | 190.2 | 102.3 | 455.1 | -5.8 | 9.6 | -10.4 | 16.9 |
| 1971 | 192.7 | 103 7 | 469.0 | -3.8 | 7.1 | -4.2 | 1.9 |
| 1972 | 198.4 | 126.3 | 467.0 | -1.2 | 17.5 | -5.9 | 8.4 |
| 1973 | 170.0 | 107.7 | 414.0 | 3.1 | 18.9 | -12.5 | 18.4 |
| 1974 | 207.0 | — | 442.0 | — | — | 18.4 | 31.7 |

NOTES : 1 The availability figures for 1968 to 1972 are taken from the *Bulletin on Food Statistics,* 1973. The 1973 figures are estimated on the basis of data on production and stocks given in the *Report on Price Policy for Wheat for the 1974-75 Agricultural Prices Commission.* The 1974 figure for rice is based on an estimated gross production of 48 million tonnes.

2 Seasonal changes in prices are estimated on the basis of data in table III with the following terminology :

Rice Peak Season : % change in October-December over July-September.
Lean Season : % change in July-September over previous October-December.
Wheat Peak Season : % change in April-June over January-March.
Lean Season : % change in January-March over April-June of the previous year.

Seasonal movements and changes in prices are given in tables III and IV. The avilability of rice and wheat was fairly satisfactory and stable during the period 1968-72 (See table IV). But the price movements of rice and wheat present a picture of striking contrast. While there is no definite pattern in the seasonal fall in wheat prices—although prices kept falling appreciably in the peak arrival season—the seasonal fall in rice prices has gradually shrunk and finally in 1973 rice prices actually rose in a season when they normally fall: the fall was about 7 per cent in 1968 and 1969; it gradually decreased and changed sign with a 3.1 per cent increase in 1973. From 1971 the lean season prices of both rice and wheat began increasing. Thus the gap between the lean season high and low rice prices during the next harvest gradually disappeared creating a spiral in the place of a normally expected zig-zag seasonal pattern. Since the peak and lean periods are different for the two major crop seasons the phenomena just described produced an ever-incrasing pattern in the price index of all foodgrains: from the second quarter of 1971 the quarterly index of foodgrain prices began an uninterrupted upward course.

(Table III). This is in marked contrast to earlier years when the magnitude of seasonal falls corresponding to the two crops (wheat in April to June and rice in October to December) was large enough to produce, generally, a fall in the price index of all foodgrains in these quarters. In any case, the process of *gradual* disappearance of the seasonal low in rice prices in the face of a stable per capita avialability is highly suggestive of a gradual increase in stocks held in private hands; this is because the availability figures do not take into account the possible variations in private stocks. The government's explanation that the unseasonal rises in the price of rice during October-December 1973 and of wheat during April-June 1974 were largely the result of hoarding of grains by traders and farmers is correct but it is clear that, at least in respect of rice, this is the cumulative effect of a process that began much earlier. This inference is also supported by the corresponding accelearation in the inter-seasonal rise in rice prices. However, since wheat price movements present a different picture one must ask whether there were no great incentives to hoard wheat during 1968-72. What this end in view, some data on costs of production in relation to prices are examined.

### *Wheat and Rice: Contrasts 1968-72*

The data on costs are scanty. Available statistics are given in tables V and VI. These data show that in the early seventies costs

TABLE V

COSTS OF PRODUCTION AND PROCUREMENT PRICES

(Rs per quintal)

| State | Year | Crop | Total Cost | Cost D | Procurement Price |
|---|---|---|---|---|---|
| Haryana | 1970-71 | Wheat | 48.10 | 30.78 | 76 |
| Punjab | 1970-71 | Wheat | 61.04 | 35.14 | 76 |
| Uttar Pradesh | 1971-72 | Wheat | 50.38 | 28.51 | 76 |
| Andhra Pradesh | 1971-72 | Paddy | 51.53 | 31.28 | 51 |
| Orissa | 1971-72 | Paddy | 44.47 | 27.64 | 55 |

NOTE: Cost D excludes from the total cost the imputed values corresponding to rent on owned land and interest on owned fixed capital (excluding land) but includes the imputed value of family labour.

SOURCES: 1 *Report of the Agricultural Prices Commission on Pricc Policy of Wheat for the 1973-74 Season.*
2 *Report on the Price Policy for Kharif Cereals for the 1974-75 Season,* APC (mimeo)
3 *Report on Cost of Production of Wheat in Uttar Pradesh during the 1971-72 Crop Season,* Directorate of Economics and Statistics, December 1973 (mimeo).

## TABLE VI

### RETURNS PER HECTARE

(Rs)

| State | Year | Value of Production including by-products per Hectare | Cost D per Hectare | Net Returns per Hectare |
|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5)=(3)—(4) |
| Haryana | 1970-71 | 1881.65 | 871.37 | 1010.28 |
| Punjab | 1970-71 | 1982.53 | 1022.43 | 960.10 |
| Uttar Pradesh | 1971-72 | 1940.76 | 935.89 | 1004.89 |
| Andhra Pradesh | 1971-72 | 1746.45 | 965.80 | 780.65 |
| Orissa | 1971-72 | 1168.90 | 600.56 | 568.34 |

SOURCES: Same as in Table V.

of production (excluding imputed values in respect of rent on owned land and interest on owned fixed capital) were in the neighbourhood of Rs 30 per quintal for both paddy and wheat, although we must concede that there are bound to be inter-regional as well as inter-farm differences in costs. But to the extent that such averages are meaningful they do conclusively show that the procurement price of Rs 76 per quintal of wheat offered during 1968-73 gave the wheat farmer in general, and more so the efficient large farmer, a significantly higher return than what the price of Rs 55 gave the rice farmer. The differences persist in the rates of return per hectare even after making allowance for possible differences in the yield rates of the two crops (Table VI).

Two other factors contributing to the difference in the economic environment of the two crops must be mentioned: (1) Wheat production increased from 16.5 million tonnes in 1967-68 to 23.25 million tonnes in 1970-71, an annual growth rate of 13.6 per cent whereas the production of rice grew during the same period only at a rate of 4 per cent from 37.6 million to 42.2 million tonnes; consequently the surpluses available for procurement and stock-building were largely surpluses of wheat and the deferential treatment of the wheat farmer by the government was based on the logic of incentives for further increases in production; (2) Even in the context of world trade food surpluses are essentially surpluses of wheat produced in the developed countries; in contrast, the rice trade operates, by and large, in an environment of scarcity in the poor countries where it is produced; as a result the rice trader, traditionally, has always had a greater incentive to hoard.[10]

### *Market Arrival Pattern*

To complete the story we examine the quantum of market arrivals and its seasonal pattern. It is clear from tables VII and VIII that the wheat farmers and traders have reacted to the environment created by 'incentive' prices as expected: the quantum of market arrivals as a proportion of production has sharply increased during 1968-69 to 1972-73, from 24 per cent to 41 per cent in Haryana, from 48.5 per cent to 61.2 per cent in Punjab and from 13 per cent to 16.5 per cent in Uttar Pradesh. In addition, the seasonal pattern of arrivals has also altered very significantly with a greater proportion arriving in the peak season (Table VIII). These facts clearly explain the observed seasonality in wheat prices. An acceleration in the seasonal rise from year to year since 1971 (See table IV) was largely the result of the gradual diminution in the rate of lean season arrivals. The seasonal falls during the harvest period in the prices of wheat, unlike rice, continued to take place as a result of the combined effect of increases both in the proportion of output marketed and in the proportion of arrivals in the peak season, April-June. One must add that although the seasonal falls continued they did so from ever-increasing heights. Consequently the wholesale prices of wheat in the Punjab-Haryana region, for example, during the April-June period, that is, the seasonally low prices, were Rs 80.9, 83.2, and 80.2 per quintal in

### TABLE VII

MARKET ARRIVALS OF WHEAT IN HARYANA, PUNJAB AND UTTAR PRADESH

| State | Marketing Year | Production | Market Arrivals | Ratio of Arrivals to Production |
|---|---|---|---|---|
| | | '000 tonnes | | (%) |
| Haryana | 1968-69 | 1466 | 350 | 23.9 |
| | 69-70 | 1522 | 443 | 29.1 |
| | 70-71 | 2120 | 674 | 31.8 |
| | 71-72 | 2342 | 919 | 39.8 |
| | 72-73 | 2402 | 976 | 40.6 |
| Punjab | 1968-69 | 3352 | 1626 | 48.5 |
| | 69-70 | 4520 | 2386 | 52.8 |
| | 70-71 | 4800 | 2623 | 54.6 |
| | 71-72 | 5145 | 3119 | 60.6 |
| | 72-73 | 5618 | 3438 | 61.2 |
| Uttar Pradesh | 1968-69 | 5841 | 768 | 13.1 |
| | 69-70 | 6087 | 594 | 9.8 |
| | 70-71 | 6314 | 920 | 14.6 |
| | 71-72 | 7690 | 1606 | 20.9 |
| | 72-73 | 7550 | 1246 | 16.5 |

NOTE: Production given against 1968-69 refers to the 1967-68 crop and so on.

SOURCE: *Report on Price Policy for Wheat for the 1974-75 Season*, APC, February 1974 (mimeo)p 12.

## TABLE VIII

SEASONAL PATTERN IN THE MARKET ARRIVALS OF WHEAT, ALL INDIA

| Year | Number of Markets | Proportion of Arrivals (%) in April-June | July-Sept. | October-Dec. | Jan-March |
|---|---|---|---|---|---|
| 1965-66 | 317 | 53.5 | 15.8 | 14.4 | 16.3 |
| 66-67 | 317 | 56.6 | 15.9 | 16.2 | 11.3 |
| 67-68 | 558 | 48.4 | 19.7 | 16.3 | 15.6 |
| 68-69 | 558 | 67.2 | 17.9 | 7.8 | 7.1 |
| 69-70 | 558 | 75.4 | 12.2 | 7.7 | 4.7 |
| 70-71 | 558 | 67.8 | 19.8 | 7.5 | 4.9 |
| 71-72 | 317 | 64.1 | 18.5 | 10.9 | 6.4 |
| 72-73 | 317 | 70.8 | 13.1 | 9.6 | 6.5 |

SOURCES: *Bulletin on Food Statistics*, and *Report of the Agricultural Prices Commission.*

## TABLE IX

SEASONAL PATTERN IN THE MARKET ARRIVALS OF RICE, ALL INDIA

(Based on data for 257 markets)

| Year | Proportion of Arrivals (%) in the Quarter October-December | January-March | April-June | July September |
|---|---|---|---|---|
| 1964-65 | 38.4 | 29.7 | 20.4 | 11.4 |
| 65-66 | 40.6 | 34.3 | 16.5 | 8.6 |
| 66-67 | 33.5 | 33.3 | 21.4 | 11.8 |
| 67-68 | 37.8 | 31.6 | 19.6 | 11.0 |
| 68-69 | 38.9 | 35.1 | 16.6 | 10.3 |
| 69-70 | 42.5 | 29.5 | 15.9 | 12.1 |
| 70-71 | 34.9 | 31.0 | 19.5 | 10.5 |
| 71-72 | 44.1 | 29.1 | 15.3 | 11.5 |

SOURCE: *Bulletin on Food Statistics*

1969-70, 1970-71 and 1971-72 respectively.[11] This was only to be expected because the price was not allowed to fall below Rs 76 per quintal which was the procurement price.

Information on market arrivals of rice is available only in respect of 257 markets; the total arrivals in these markets constitute barely 4 per cent of the total production and hence the data are of no great inferential value so far as the trend in the proportion of marketed output is concerned. However, the seasonal pattern of arrivals in these markets shows that this has hardly changed since 1964-65; in particular, the lean season arrivals varied around 11 per cent of the total throughout the period and unlike in the case of wheat, the proportion of arrivals in the peak season have not increased to any great extent. This is certainly a reflection of the wide margin in the procurement prices and the corresponding rates of return for the two crops.

We may now sum up the results of our analysis of the differential behaviour in the price movements of rice and wheat during 1968-72. As a result of the high procurement prices, which essentially fulfilled the role of support prices, the seasonal low in wheat prices was maintained at a level higher than the procuement price of Rs 76 per quintal; the consequent change in the pattern of arrivals, producing in particular a gradually declining trend in the proportion of lean season arrivals resulted in an acceleration of the seasonal rise in prices. Thus while the production boom lasted the state took care of the interests of the wheat farmer and trader. In contrast, no such support operations were required in respect of rice since increases in production of rice were not so impressive as in the case of wheat. And since the return offered by the government to the rice farmer was far less attractive than to the wheat farmer, the rice farmer had every reason to rely on the trader. Hoarding of rice was, perhaps, far more remunerative than hoarding of wheat under the circumstances described.

### *Source of Scarcity*

Of course, the situation abruptly changed in 1972, first with the frittering away of the stocks held by the Food Corporation of India and then with the prospect of a poor crop looming large. For farmer and trader of rice as well as wheat, greater pickings were to be had by hoarding: no inducement was sufficient for disgorging stocks. This was described as the "psychology of scarcity" but it is more apt to call it the "pathology of scarcity". And the pathogen was the state itself.

This then is the background of the severe famine that has emerged during the second half of last year. Neither the government nor the Press—with some notable exceptions—recognizes the existence of famine conditions although ministerial pronouncements on the "extremely difficult food situation" are not lacking. The big farmers and traders have been duly warned that they would be dealt with 'sternly'. In the meantime the country's representatives are out with the begging bowl and our aid-givers abroad are busy making estimates of "India's requirements this year to ward off famine". For once the government has accepted the recommendation of the APC and fixed the procurement price of paddy at Rs 74 per quintal, which is only marginally higher than that offered last year. But this is no more than a gesture because the state governments can resort to various tricks for raising the effective price: this is adequately demonstrated by Tamil Nadu's announced 'dual price policy' which "envisages payment of Central rates (Rs 74) for stocks procured under the producer levy and the state government's rates (Rs 85) for direct purchases made from the farmers".[12] And, of course, the procurement targets keep getting revised downwards every week.

In this article we have concentrated on just one instrument of state policy, namely, the procurement price, and not paid any attention at all to such related issues as the public distribution system, credit policies and so on. But our analysis does show that there are good reasons to believe that the current price rise is the outcome of class-biased policies followed consistently by the government since 1967-68.

A question that arises, whether the policies are specifically designed to serve certain class interests or whether the political power of these classes prevents the government from implementing its professed socialist policies, is only of academic interest. What matters is that the state policies that emerge reflect the basic character of the power-relations that exist. The Prime Minister's reported search[13] for an 'unconventional wizard' who would solve our economic problems without taxing agriculture (without disturbing the alliance of the ruling class with the big farmers) is but one manifestation of the underlying power base.

[1] See *Bulletin on Food Statistics*, 1973.

[2] *Economic Survey, 1972-73*, p 7.

[3] *Bulletin on Food Statistics*, 1973, p 34

[4] *Ibid.*, pp 33-34.

[5] *Economic Survey, 1973-74*, p 21.

[6] *Ibid.*, p 21.

[7] *Ibid.*, table 4.4, p 22.

[8] *Report on Price Policy for Kharif Cereals for the 1974-75 Season*, APC, September 1974 (mimeo) pp 2-4.

[9] *The Hindu*, 24 October 1974, p 1.

[10] Thanks are due to P G K Panikar for suggesting this argument.

[11] Averages of prices in four markets: Sonepat, Ambala, Jullundur and Bhatinda, taken from the *Bulletin on Food Statistics.*

[12] *The Hindu*, 30 November 1974.

[13] *The Economic and Political Weekly*, 25 May 1974, p 14.

*E M S NAMBOODIRIPAD*

# *A World without Inflation*

*THE Economist* of London in the issue dated December 7, 1974 carried a report from "the communist world", captioned "No inflation? Well, not exactly". It was an attempt to prove that the malady of inflation is not something peculiar to the capitalist world, but affects the socialist countries as well.

As it turned out, the facts quoted in this feature seemed to contradict its conclusion. It was conceded that "the inflation rate in communist countries has been much lower than in the west. Only Jugoslavia, which is not a member of the east European economic grouping, Comecon, has a western-style inflation now running at over 20 per cent". The report, however, declared that ". . . what all communist countries do suffer from is a peculiar phenomenon known as 'repressed inflation', which is one form of what happens when too much money chases too few goods."

What exactly is this so called 'repressed inflation'? It is explained in these terms:

> Russia says it has raised real wages by two-thirds between 1960 and 1972. But because of the scarcity of attractive consumer goods, an over-large portion of this increase has gone into savings. The number of roubles held in savings accounts nearly trebled between 1966 and 1970 and rose by another 45 per cent by 1973. At the last count,

> banked savings totalled some £40,000 million—a purchasing power equivalent to over a third of the retail turnover in 1973. *The authorities are now trying to channel this extra purchasing power into expensive luxuries such as jewellery and imported consumer goods*, having failed to rid themselves of accumulated stocks of local products which consumers rejected because of their poor quality. When goods that Russian buyers really want appear on the market they are sold out within hours. So a feature of this Soviet-style inflation is an unevenly supplied market with many bottlenecks and frequent shortages. (Emphasis added).

This lengthy quotation makes two points clear: that the 'repressed inflation' is in relation to such luxuries as jewellery and imported consumer goods, not articles of basic consumption; and secondly, there is an ever-growing volume of purchasing power among the people which is sought to be channelled in outlays on luxury articles.

### *Prices and Jobs*

This sort of inflation is the very opposite of what is happening in the capitalist world where it is in relation to mass consumption goods such as foodgrains, and cheaper varieties of cloth. What is the behaviour of prices of essential articles in the USSR? *The Economist* report continues:

> Steady prices in communist shops, it (Moscow Radio) says, are a clear vindication of Karl Marx. Marx aside, the claim is fair enough ...*The Soviet retail price index has remained unchanged for seven years (fares on the Moscow underground are still the same as they were in 1965 when it was built) and in China officially recorded local prices have risen hardly at all over two decades*. (Emphasis added).

An equally important admission relates to the employment situation. "*With labour in increasingly short supply, there is a good deal of competition among managers to twist the rules in order to attract the labour they need. These workers are often given unofficial rises in salary, as well as fringe benefits which do not come into any official statistics*". (Emphasis added).

This again is in marked contrast with the capitalist world where the problem is not one of "labour in increasingly short supply" but of redundancy and wage-cuts on a massive scale.

Also instructive is *The Economist*'s assessment of the future. For, it says:

> What will probably determine the future rate of inflation in communist countries more than anything else is the degree of their involvement in trade with the west... Soaring prices on world markets have already had a destabilizing effect on some of the smaller east European countries ... One result of rapidly changing world prices is that it has become harder and harder for Comecon to trade on the old basis of five-year agreements. It may well decide to review those agreements at shorter intervals which in turn should have an unsettling effect on long-term planning in individual Comecon countries.

No clearer admission can be made by the mouthpiece of British monopoly capital to show that, left to itself, the socialist world is free from inflation; it is from increasing trade with the capitalist world that the socialist countries, if at all, will be faced with the problems of inflation.

This knocks the very bottom off the oft-repeated argument of our ruling classes that inflation, like other manifestations of the economic crisis, is a 'global phenomenon'. The expression would be correct only if it is made clear that the 'globe' includes only the capitalist part thereof. It is in this part—in every capitalist country from the most developed, like the United States, West Germany and Japan on the one hand to the least developed like some African countries, with those of medium development including India in the middle—that inflation has been developing in the real sense of the term, with prices skyrocketing for the most essential commodities of mass consumption, making it impossible for the common people to keep up the level of consumption of essentials like food. It is in this part of the globe that, because of inflation, the purchasing power of the common man is being steadily eroded and whatever savings he kept have disappeared without a trace.

### *A Different Picture*

It is, furthermore, in this part of the globe that the steady fall in the purchasing power of the common people is inevitably leading to a steady decline in the demand for a large number of commodities and therefore to a fall in their production. This part of the globe thus faces the peculiar phenomenon called 'stagflation'—a combination of stagnation in a sector of the economy and inflation elsewhere. The inevitable consequence is increasing pauperization of medium-and small-scale owners of property, larger and larger sections of them being thrown into the labour market and the resultant swelling of the ranks of the unemployed. The situation in the socialist world is the very opposite of all this.

This contrast between the capitalist and the socialist worlds, not only in relation to inflation but to every other aspect of the economy, transforms the initially economic problems of inflation into a political problem. For, the very facts admitted by such a self-confessed organ of British big business as *The Economist* bring to the fore the problem of state-political power. No solution offered even by the cleverest 'experts' in bourgeois policial economy will save the crisis-ridden socio-economic system in the capitalist countries. What is required is a radical restructuring of socio-economic relations which is indissolubly connected with the political process of replacing the present ruling classes by an alternate alliance of classes in the seats of power.

It will be worthwhile to recall in this connection that the capitalist world had been faced with a similar crisis over 40 years ago, referred to as the World Economic Crisis of 1929-33. That too was a crisis of the capitalist world, though called a 'World Crisis.' While the entire capitalist system was going through the most protracted, profound and painful crisis in its history, the then one and only socialist country, the USSR, was advancing along the path of industrialization at a breathtaking speed : the volume of industrial output with an index of 100 for 1929 *fell* to 64.9 in 1933 in the USA, 86.1 in Britain, 66.8 in Germany and 77.4 in France, while it *rose* to 201.6 in the USSR.

The same trend is being witnessed today, in the contrast between the European Economic Community (capitalist) and Comecon (socialist) in Europe, between the capitalist western and the socialist eastern part of Germany, between the United States and the Soviet Union, or between China and India. One need hardly elaborate on this point since *The Economist* highlights, in its International Report quoted earlier, the present-day contrast between the capitalist and socialist worlds.

It must however be noted in this context that it was during the 1929-33 crisis of capitalism which embraced not only its economy but the moral fibre of its ruling classes, that the ideologues of capitalism devised new methods of saving it from utter collapse. The most effective of these devices were two.

## *Salvage Operations in the Thirties*

The first consisted of the militarization of the economy preparation for an aggressive war and as a part of it, an all-sided (diplomatic, political and ideological) attack on the one socialist country of the time whose very existence was a danger to the capitalist system. The notorious triumvirate of Italy's Mussolini, Germany's Hitler and Japan's Tojo who jointly forged a military-political alliance, became the centre around which world capitalism mobilized its entire strength against world socialism.

The second was an apparently "peaceful", "democratic" programme evolved and implemented in the United States in the form of Franklin D Roosevelt's well-known 'New Deal'. This political programme had as its theoretical basis what is called the 'Keynesian Revolution' in political economy. A 'revolution' it undoubtedly was, in the sense that it completely threw overboard the theoretical basis of classical or bourgeois political economy. It however did not disturb—in fact kept intact—the basic structure of capitalist economic and political power.

For a time at least, it appeared as if both the devices might prove effective. Installed in power by the leading statesmen, businessmen and industrialists, and enjoying the support of the ruling circles even in the anti-fascist countries of the capitalist world, Hitler and his two associates (Mussolini and Tojo) looked like marching from success to success; it was thought that the Nazi military machine would ultimately destroy the Soviet Union.

Equally successful, it appeared, was the 'New Deal' experiment undertaken in the United States. The strong influence of the practical 'New Deal' policies in the U S and of the Keynesian theory appeared to inspire the peoples and governments in the entire capitalist world, including India where the emerging capitalist class was already entertaining dreams of development along the capitalist path. It is not surprising under these circumstances that the emerging bourgeoisie in India came also under the influence of the ideologies of socialism and planning from the Soviet Union. They started making their own plans of capitalist development—the Visweswaraya Plan, the Congress National Planning Committee and the subsequent Tata-Birla (Bombay) Plan.

## *End of Hope and Glory*

The end of the Second World War and the postwar developments gave a shattering blow to the bourgeoisie's hopes nurtured by the growth of fascism in Germany, Italy and Japan. These fascist powers were decisively defeated by the proletarian and general democratic forces all over the world, in alliance with the group of capitalist countries which had ranged themselves against the three-power axis.

After the end of the war too, the efforts made by the erstwhile allies of the United States to weaken, isolate and, if possible, destroy the Soviet Union and the newly-arising socialist countries were defeated. Notorious strategies like 'cold war', and 'containment of communism' ended in debacle, forcing the biggest capitalist country in the world at last to come to terms with both the Soviet Union and People's China. We have now entered a new phase in world history in which detente in the relations between the capitalist and socialist worlds has come to be accepted as a reality.

The other method adopted by world capitalism to save itself from the developing crisis—the more 'peaceful' method of reorganizing capitalism on the basis of the Keynesian theory—has proved equally bankrupt. The whole system of 'rejuvenating' capitalism, built up at the end of the world war around such international institutions as the World Bank, the International Monetary Fund and so on—all of them based on the domination of the dollar as the world currency—is today in shambles. It has broken down as decisively as the system built at the end of the First World War collapsed in 1929.

The present world crisis of capitalism has thus proved the bankruptcy of the Keynesian theory of bourgeois political economy, as the earlier (1929-33) crisis proved the bankruptcy of the pre-Keynesian political economy. The pundits of bourgeois political economy today are as desparate as their predecessors were nearly half a century ago.

This however does not mean that world capitalism will automatically liquidate itself. Those who are holding the reins of power in the capitalist world may be relied upon to adopt every possible method—coercive as well as 'peaceful'—to give artificial respiration to a dying capitalism. New versions of the Rooseveltian New Deal and the Keynesian programme of rehabilitating capitalist economy are sought to be worked out by economists who are resorting to more and more sophisticated methods of academic analysis. Every one of these measures however is bound to end in fiasco still more disastrous than those which overtook the pre-Keynesian and Keynesian theories.

The malady to which capitalism has become a victim, it should be borne in mind, is not only economic but also (and much more) political. For, capitalism in its present phase is faced with two contradictory phenomena.

Firstly, its productive capacity is ever expanding. Mechanization, automation and computerization—such is the process through which the forces of production available to a particular generation in capitalist society have expanded several-fold over what they were for the earlier generation. The rising generation will have still larger potentialities of production at its disposal than what the present generation is having.

Secondly, the market which eapitalism can exploit is decidedly shrinking, both because larger numbers of countries are breaking away from the orbit of capitalism, and the total purchasing power in every capitalist country is either diminishing absolutely, or growing at such low rates that there is a relative fall in purchasing power compared to the rise in output.

## *Political Problem*

The defeat of fascism in the Second World War, followed by the equally serious disaster of the 'cold war' strategy in the postwar period, has barred the door of further expansion of the capitalist market into the socialist world. The only alternative before capitalism therefore is such *political action* in capitalist countries as would lead to an expansion of their own internal markets.

This, in turn, would mean a radical restructuring of class relations within capitalist countries: in other words, a resolution of the contradictions between the owning and toiling classes in favour of the latter. It goes without saying that this involves a *political struggle.* That is why it was stated earlier that the problem is more political than economic.

This is as applicable to India as to the rest of the capitalist world. Here too the economy is sinking deeper and deeper into the morass of crisis. Twenty-four years of planning have resulted in the same inflation, combined with stagnation, which has gripped the entire capitalist world. The so called foreign 'aid,' which was supposed to work miracles, is making the economy still more dependent on foreign capital. There is no way out except a basic restructuring of the nation's economy: no alternative exists for the rest of the capitalist world. The struggle for saving the economy therefore is in India too, a struggle between two class formations: the common people against landlords, monopoly capitalists and others working in close collaboration with foreign capital.

# *NOTES*

## *Imperialism and Development Studies in Sri Lanka*

THE aim of this note is to trace in broad outline the growth of thinking on development in Sri Lanka, especially over the last two decades, thereby placing this thinking in a historical context, and to assess the position of such thinking today.

After the imposition of a total colonial blanket on the country in the nineteenth century, two broad views of what is development (in the fundamental sense of what was desirable for the country) began to emerge. Firstly, there was the view of the colonizers, for example, that the growth of the plantation sector, with the associated growth of a socio-economic infrastructure of railways and other means of transport, together with the colonial bureaucracy, was best for the country. The opposing view, held by such reformers as Anagarika Dharmapala, and later, by nationalist leaders such as Bandaranaike, emphasized self-sufficiency, self-reliance and sovereignty. This may be called the counter-view on development.

But the counter-view, which gathered strength in the last decades of colonialism, was not well formulated in terms of post-independence plans of action, nor did it represent one specific view of development. Under its broad heading were views that ranged from a romantic idea of returning to the ancient golden age of Anuradhapura and Polonnaruwa, through the east European form of socialism, to a national laissez-faire type of capitalism.

One counter-view to have a strong influence was a deep-seated nationalistic ideology which sought inspiration from the Sri Lankan past, rejecting the changes induced by Western penetration. By the 1860s, a strongly-motivated Buddhist revival, led by members of the middle class, educated in Christian missionary schools, was growing in strength and militancy. Expatriates, like the American theosophist Colonel Olcott, and the Russian mystic Helena Petrovna Blavatsky, also played an important role in this by stressing an idealized Sri Lankan past and exhorting the Sri Lankans to reject the Western presence. But by far the central figure in this re-crystallization of the Sri Lankan national self-consciousness was Anagarika Dharmapala.

Born in 1864 and subjected during his English education to a strong dose of Christian proselytizing, he acquired a deep hostility to cultural Westernization and political subjugation. He came under the influence of expatriates like Olcott and, resigning his government job as a clerk, plunged into religious, cultural and welfare activities. As a Buddhist evangelist he travelled and lectured widely in America, Europe and Asia. He became a constant critic of the Western presence;[1] produced a strongly nationalist newspaper (which was banned at times); and extolled the past greatness of the Sri Lankan people, whilst lamenting their modern state of "poverty, misery, indolence and subservience". He wrote: "The Sinhalese must wake up from their slumber. Blessed island is Ceylon. I will go from town to town declaring the greatness of our ancestors...we were a great people".[2]

## *Nationalists and Marxists*

Dharmapala attacked the Western-educated and Western-oriented Sri Lankans as a "useless entity". His aggressive nationalist ideology was taken up by many journalists, pamphleteers, playwrights and novelists and helped to form a strongly nationalist conciousness among, in particular, the Sri Lankan-educated lower middle class, which included school teachers, traditional physicians, small landowners and traders. On the whole, these nationalist views did not make a deep impact on the anglicized upper classes, the classes to whom the British handed power at the time of independence in 1948.

Another important counter-view was provided by the Marxist parties in Sri Lanka. The first, the Lanka Sama Samaja Party (LSSP), formed in 1935 by intellectuals returning from the West, pioneered Marxism in Sri Lanka, becoming Trotskyite in the late 1930s as a protest against the Moscow trials. In time, the LSSP gave way to a process of splintering, resulting, for example, in 1943 in the Communist Party, and in 1950 the Viplavakari Lanka Sama Samaja Party (revolutionary LSSP). This splintering factionalism continued within the general Marxist fold in the following decades and more small parties emerged. Although professing different versions of Marxism and in spite of disunity, the Marxists were an important and powerful group that shaped the ideology of the Sri Lankan masses, especially those in urban areas. In the first general election, held in 1947 prior to independence, the Marxist parties won eighteen of the fifty-one seats that they contested, out of a total of ninety-five parliamentary seats. The Marxist counter-view is well known and does not require repetition here. I need only say that the Marxist party provided an important and crucial counter-ideology of increasing relevance to that put forward by the ruling colonial ideology.

When Sri Lanka obtained independence in 1948, power was not handed over to any of the strata that provided counter-views to the ruling colonial ideology, but to that group represented by the United National Party (UNP), which was the most Westernized and which represented the interests of the plantation sector, as well as other business interests. It has been noted that the "characteristics of this group were that they were broadly Ceylonese (as opposed to identifying with narrower ethnic classifications), largely Christian, mostly high-caste, highly urbanized, highly Western-educated, largely engaged in Western-type occupations and of the highest economic and social class".[3] Although Sri Lankan in terms of skin colour and place of birth, they identified strongly with British values, attitudes and perspectives.

The ruling elite in the UNP of 1948 was far removed from the traditional culture. Unlike neighbouring India, where leaders like Gandhi and Nehru attempted to mould a new nationalist ideology from traditional Indian values and ideals, the Sri Lankan elite was isolated culturally from its own people. To this elite, "even more significantly, the British parliament is the mother of democracy, and Hobbes, Burke, Locke and Hume were all absolutely correct. It was 'forgivable' for a member of this elite not to know who followed Raja Singa I to the Lion Throne of Lanka but it is downright unthinkable for him not to know who signed the Magna Carta".[4]

## *Downfall of Westernized Elite*

The UNP suffered a crushing electoral defeat in 1956 by a coalition of forces representing nationalist and Marxist trends, in short, a coalition of counter views on the shape of Sri Lankan society. The 1956 election has had an important bearing on the economic, cultural and political life in the country since then. It has been said: "the 1956 election was remarkable in that of all the elections held in Ceylon since 1931 and in India and Burma since independence, it alone resulted in a marked transfer of political power from one segment of the population to another".[5] It has also been called the "silent revolution" of 1956,[6] signifying the arrival of a socially responsive party system as opposed to one of a collection of notables in the society.

The coalition of forces led by the Sri Lanka Freedom Party (SLFP) which emerged victorious in the 1956 election, represented among others the nationalist sentiments represented by Dharmapala as well as those of Marxist parties. The election result itself was received with high exuberance by the masses. There was, for instance, joyful storming of the House of Parliament, where, to the chagrin of local representatives of British tradition, common people even sat in the Speaker's chair. There was a feeling that the 'Age of Common Man' had arrived.

If the forces that ruled from 1948 to 1956 were to be termed Anglicized and Western-oriented, the election victory of the SLFP in 1956 could be termed a victory for national and socialist-oriented forces. The SLFP came to power on a platform of change: over the language question (Sinhalese to be used by the administration, instead of English); the restoration of the rights of Buddhists and Buddhism; the nationalization of basic industries; and a rejuvenation of the traditional culture. "In 1956 the Sinhalese people finally elected a government more closely resembling themselves".[7] The success of this transfer of power and its effect on subsequent party politics in Sri Lanka are evidenced by the fact that since 1956 every political party has remoulded itself in the Sri Lankan nationalist-socialist image.

Although in post-1956 political spheres, and in many social spheres, a counter-view prevailed, the ideology of colonial origin, subscribed to by the ruling elite prior to 1956, based on the assumption that the local population was inferior and in need of civilizing by Anglicization, continued in official circles. This was evidenced by the many criticisms of the bureaucracy in the late 1950s and early 1960s. In addition, and of more significance here, a further contradiction developed, which, ironically, arose through one of the coalition's 'socialist' innovations: the attempt at a planned economy.This led to the imposition of another extraneous view, that of western social science. The bureaucracy, where the decisions pertaining to the country's development were to take place, accepted western socio-economic models unreservedly as representing modernity and the scientific ethos. The question of whether these models and the assumptions on which they rested were at all relevant to Sri Lanka was not raised.

I will attempt to describe how this extraneous view has become that of the policymakers and their advisers, and how, as a result, the promise of a counter-view in 1956 (which, in one form or another, derived from the people) was neatly subverted and proved ephemeral. I will also describe the social mechanisms by which this view is maintained and also its relevance—or irrelevance—to the pressing problems of the country.

## II

### *Neocolonial Social Science*

The application of social-science-based thinking to the problems of the Sri Lankan economy and society began at a time (late 1950s and early 1960s) when American writings on the subject were at their apogee and when American political hegemony in the world was still unchallenged.

In the case of Sri Lanka, the introduction of such thinking and comment carried an air of artificiality. It often had little bearing on the socio-political discussions occurring in the society at large, and so became in a very narrow sense 'specialized' and 'scientific', and took place in the confines of specialized institutes devoted to these subjects. In discussing problems of the society and economy (development), specialists in these institutes took the analytical tools that Western social scientists applied to development. Thus, institutions, in particular those pertaining to planning (the Central Bank for example) viewed social problems as professional problems; very much like,say,a doctor or an engineer would view his problems. And in so doing, they did not focus on the real socio-political problems in the country.

From the early 1960s there was a growth of institutions set up in Sri Lanka to study and/or advise about socio-economic problems. Many of these institutes were either directly sponsored by foreign agencies, or drew heavily on foreign expertise, knowledge or finance, or both, a phenomenon common to many neocolonial countries. The Management Development and Productivity Centre, the Sri Lanka Foundation, the Marga Institute, the Institute of Local Government Studies, and the Agrarian Research and Training Institute are all examples of institutes with direct foreign contacts while those like the Academy for Administrative Studies attempted a direct transfer of externally derived knowledge. Even key institutes like the Planning Ministry were organized on the recommendation of visiting foreign experts.[8] A watershed in this process of applying foreign thinking to national problems (it may even be considered as an attempt to transfer some aspects of sovereignty) was the decision in the late 1960s to invite an International Labour Organization (ILO) mission to study the employment problems of the country and to recommend new strategies.

### *Deleterious Fallout*

Some of those institutes and missions have very harmful effects on the country. These effects can be separated into at least three aspects: epistemological, political, and social. At the epistemological level, there is the question of the relevancy to local conditions of these studies. Often the reference groups for these discussions are academic or financial institutions in the metropolitan countries and the view of Sri Lankan problems are by necessity seen from the perspective of such reference groups. (I shall come back to this theme of reference groups when I discuss how the system as a whole is maintained). When local peculiarities and conditions enter such discussions, they are consciously and unconsciously filtered through the preconceptions and theoretical biases of these reference groups.

Because of the foreign reference groups, very little of the internal political and social discussion (and action) within the country enters the policy or academic output in any integrated sense. When internal social and political factors are taken into account, they are taken as aspects that have to be forced into preconceived theoretical frameworks drawn up in metropolitan countries. And because of the relationships of dependency and the subservient roles of the local institutes (as well as the local personnel) no theoretical frameworks to fit local conditions are developed. As a result, the conceptual output is often empiricism of the worst sort.

The intellectual dependence relationship imparts unconsciously, under the guise of 'science', strong ideological overtones into the treatment of what are basically political problems. Thus, the Management Development and Productivity Centre (MDPC), which was set up under ILO aegis (initially with ILO personnel) to advise government industrial corporations as well as the private sector, projects as objective management science an entire array of ideological concepts derived largely from management practice in the socio-economic environments of America. The social philosophy underlying such consultations (for instance, the implied Social Darwinism in the recommendations on work incentives of a foreign expert of the MDPC which are now being accepted by many government corporations) often go against the declared social aims of the government.

The irrelevance which results from the intellectual and financial dependency relationships is best seen by the following remarks of a Western observer, who falls at the non-dependence pole of the dependence relationship and therefore has been able to observe the dependence relationship from a relative vantage point. He notes that the relationship of Sri Lanka planners with external aid-giving agencies has led to "isolating the planners by enmeshing them in a network of external relationships with the representatives of foreign aid agencies".[9] Further, because of this relationship one of the main functions of economists in the Planning Ministry was "to receive any foreign visitor who was sufficiently curious to pursue his inquiries beyond the Planning Ministry, thus giving the outside world the impression that economic rationality was more pervasive than was really the case"[10] There also occurred "an isolation of the Planning Ministry in a separate world of external advisers, (and) a measure of unreality in the planning process and retreat into technical exercises."

## *Ideological Overtones*

To take an example, the Academy of Administrative Studies was constituted a few years ago to train administrators at a time when a continuing political debate was occurring in the country on the role of colonial attitudes and objectives among the bureaucracy. The programme of the Academy is now basically that of teaching the new subject of "Development Administration," a subject which in its development has incorporated an ideology and an administrative technology more suited to the needs of those countries under American colonial and neocolonial domination. Thus, the main work of the virtual *guru* in the development administration field, namely that of Fred Riggs, is based on material from Thailand, Korea, Taiwan and Pakistan collected in the 1950s and 1960s. Similarly, the recently founded Sri Lanka Foundation Institute, which is German sponsored, has an 'educational' programme for labour department officials and trade unionists. Recurring themes in the few seminars this Institute has held until July 1974 are "The Contribution of Trade Unions to Socio-economic Development" and "Workers' Participation in Management", both issues with obvious ideological overtones, and carrying assumptions about the role of workers' organizations in capitalist countries, whether they should be collaborative or whether they should aim at class solidarity.

The ideological content of these neocolonial institutes has direct bearings on the perception of political reality within the country. There is also the possibility of a more sinister motive in that some of these institutes are financed by organizations strongly connected with Western political organizations. Although American-sponsored institutes, like the Asia Foundation, have been expelled, other affluent Western countries are taking their place. West Germany is represented by the Friedrich Ebert Stiftung, the Friedrich Neumann Stiftung, and the Konrad Adenauer Stiftung, which finance, respectively, the Sri Lanka Foundation, the Marga Institute and the Rural Development Training and Research Institute. These stiftungs have strong connections with the three main political parties of Germany, namely, the Social Democrats, the Federal Democrats and the Christian Democrats, being sponsored by them.[11] The Sri Lankan foundations they sponsor are in the three extremely vital areas: development studies, industrial relations and local government.

It is easy to identify some of the striking social features associated with the externally-based 'knowledge' obtained in thess institutes. The purveyors of this knowledge exist in what are virtual foreign enclaves. They are often paid salaries more consistent with those of foreign experts and sometimes work in offices reminiscent of affluent foreign surroundings (for example, the offices of the Sri Lanka Foundation remind one of the luxurious lounge of a foreign airport). The interaction with the local community is prinicipally one of giving advice and instruction. If there is feedback from the local community it is a only of a very empirical nature, and does not fundamentally alter the basic form and content of the knowledge that is imparted. The generation of this knowledge as well as any effective feedback occurs in the metropolitan centres and their universities and journals. The local counterpart does not generate fundamental academic discussions in the country; those that do take place are usually incidental to the institutes. Thus, these institutes have a stultifying effect on relevant disscussions. Outside the mainstream of local discussions, yet projected as purveyors of vital and true knowledge, they hinder independent discussion.

### *Academic Proletarians and Compradors*

In a country like Sri Lanka, with its dwindling foreign resources and its growing upper middle class, such institutes provide avenues for much-desired foreign travel. As a result, many members of institutes, such as the Central Bank and the Planning Ministry, privately express strong aspirations to join well-paying agencies like the World Bank, in fact many have done so. This leads to a conflict of interests: a member, while bargaining for Sri Lanka against the World Bank, is also aspiring for a job in that organization. The academic output of such aspirants will necessarily be governed by what is perceived as fashionable by these external agencies.

When such aspirants do join Western academic and consultative centres, they are in a position similar to that of expatriate doctors in the U. K: only the lower rung of academic and consultative institutes in the West will be manned by them. Thus, Third World members will inevitably be in the position of an 'academic proletariat', in the sense of receivers of wisdom generated by others. (The manning of only lower posts by The World members does not apply to political, as opposed to academic, posts. A good example of political posts manned by Third World members is the UNCTAD.)

The 'proletarianization' of Third World academics under this scenario has many similarities to the criticisms of American social science of the Parsonian type made, for example, in the 1950s and 1960s. The academic proletariat in the America of the 1950s, as described by C Wright Mills[12] had to force often very trivial data into the grand theorizing of the reigning *gurus* of the time. Very little contribution was made by the academic proletariat who were often postgraduate students seeking Ph D s.

But a more important function arising from this relationship is that it helps create a breed of comprador intelligentsia. The comprador academic and intellectual who diagnoses his country's ills and prescribes on the basis of a version of social reality purveyed by the metropolitan centres as context-free science, helps in the process of indirectly forcing the colonized to colonize themselves. With the breaking of overt colonial ties with the Third World, such indirect domination through ideological and cultural means (through superstructural means) becomes increasingly significant. In occupying a crucial slot in the international structure of dependence, the neocolonial academic is a key element in the propagation and maintenance of a neocolonial orientation in their countries.

## *Academic Managers*

In the Third World today (more so in what is now the so called Fourth World), in the context of scarce foreign exchange resources and given that normal ambitious bright young men wish to see the world (especially when they see in their own country hordes of average working-class Western tourists)patron-client relationships develop between academics in the Western world and the Third World. Thus, in the case of the ILO mission to Sri Lanka, at least five members (out of roughly eight names mentioned in an academic context in the report), have had strong contacts with the Institute of Development Studies, from which the leading members of the mission were drawn. Some of these contacts predate the mission to a time when the entire top echelon of the Sri Lanka Planning Ministry was brought to the Institute in 1969 for a joint working conference on "Development Planning in Ceylon" but at least four of the five names mentioned have had a continuing spin-off from the relationship mostly in the form of study and research possiblities under the patronage of the IDS. Ironically, the ILO mission came to alleviate unemployment and, indirectly, help economic independence. But because of the economic dependence relationship in the country, and the large numbers of educated personnel wishing to go abroad, there is a strong tendency to enter into a dependency relationship with Western academic centres.

This clouds the independent and correct perception of problems by these local academics which, in turn, leads to false prescriptions, to further economic deterioration in the country, to further economic dependence, and to further academic dependence. And so it goes on, a vicious spiral, with very disturbing consequences if this scenario is carried to its logical conclusion.

Another indicator of this situation is the role of embassy cultural attaches as purveyors of cultural norms. In Sri Lanka, for example, the American, British, German and French embassies often take a lead in promoting cultural-educational activities, largely for the middle classes. They promote art exhibitions and musical recitals and there is often spin-off for participants in the form of scholarships abroad. The leverage which embassy officials have for channelling the aspirations of professionals is best illustrated by the ludicrous fact that the chief guest at the 1974 session of the Ceylon Medical Association (which consists of a large number of doctors with postgraduate qualifications from the UK) was the local British Council representative, a man with no medical qualifications. The fact that the British Council controls the award of scholarships is the only rational explanation.

### *Visiting Experts*

This aspect also relates to the role-set of visiting social scientists. In their home country these experts have limited access to higher official circles and the power structure. In the case of Sri Lanka (and other Third World countries) their role-set, especially when acting as consultants, is often with the higher strata. Because they come as advisers, they are wined and dined at the highest levels. In the case of consultative missions of great importance, like that of the ILO, access to the power structure extends literally from the prime minister and cabinet downwards. And because such missions are limited to a duration of a few weeks, interaction between the visiting consultant and the local official tends to be tightly structured within a framework of an advice-giver and advice-receiver.

This high level social interaction also extends to local social scientists who come into contact with visiting experts. Under the set of relationships described here, the local social scientists who associate with the visitors as relative equals tend to be those who are part of the international academic set. In fact, invitations to foreign missions often stem from these foreign-circuit local economists. It is in their interests to keep the system of intellectual dependence going as it is they who benefit from it. It is also not surprising to note that although such people will readily speak at foreign seminars, they show far less enthusiasm in speaking to local academic audiences. The general administrators also benefit from the present situation, and in their attempts to keep their privileged position, prefer inviting foreign experts to consulting local ones.

In this academic dependence relationship, there is, on the one hand, the confusion between the pragmatic needs of consultation and the independent academic consideration of a problem and, on the other, the contradiction between right-and left-wing governments receiving like advice and giving like consent. Thus, the ILO mission was initially invited during the reign of a right-wing government, but carried on its work during a left-wing coalition government which included Marxists members. The question immediately arises whether the approach of the mission changed in a fundamental sense with the new political climate. Similar questions can be raised when comparing the mission in Sri Lanka with that in Kenya, a more capitalist country. The answer to both questions must lie in the fact that no external mission can raise fundamental issues of a political nature beyond the empiricist level, especially when its collection of experts span a large ideological spectrum. Such discussions must lie within the field of political discussion and action within the country.

## III

### *Work in Progress*

A deeper view of the type of thinking on social issues and development within the academic sphere in Sri Lanka can be seen by a dividing of the work into three categories. These categories have been drawn to indicate a hierarchy arising from the depth of problems involved. It will be seen that at present only the more trivial type of work pertaining to development, mainly that in the first category, is occurring in Sri Lanka.

The three divisions are: (1) basic empirical work; (2) deeper level empirical work with lower level model-building; and (3) higher level issues and models of socio-economic change.

1 This includes the basic data-collecting and preliminary analysis at a shallow empirical level of various socio-economic processes and problems. Examples of this type of work already being done in Sri Lanka include the data-collection and publication afforded by the Central Bank and some of the work at the Marga Institute.

2 This includes, for example, the projects (about twenty-five of them) being done in Great Britain on Sri Lanka's development. This type of higher level analysis of data and problems is still being done at foreign universities and is often restricted to thesis production. Although such work is valuable and adds to knowledge, it is regrettable that a major part of it is not done in Sri Lanka itself. A research project at the University of Sussex, on "The Effect of External Assistance on Economic Development in the Case of Sri Lanka," illustrates the kind of work being carried out.[13]

3 Here I include studies of basic questions relating to the direction of socio-economic changes in the country, as well as the explanatory models and paradigms used to describe such changes. Clearly, it is this category that is most vital and which underlies both the data-collection of the basic empirical work, as well as the model-building efforts at the

next higher level. It is at this level that ideology and the assumptions of the type of society towards which 'development' will lead encroaches in a direct manner.

Examples in this category relating to Sri Lanka include studies of the postwar changes in the country, and, in the methodological sphere, studies on the relevance of various study approaches. Regrettably, in the former, almost all the significant work is by Western scholars, and in the latter, there has been hardly any discussion at all. Thus, almost all the scholarly contributions on the post-1956 situation and issues of large socio-economic change have been by Westerners (Ames, Wriggins, Woodward, Singer, Snodgrass, etc).[14] The Sri Lankan professional social scientists have largely restricted themselves to writing textbook material of a historical nature, for example, economics (Karunatilake, Indraratne, Gunasekera, etc[15] and to discussing very limited micro-problems, isolated from the mainstream of events, in such fields as sociology and anthropology (Obeysekera, Tambiah, Pieris, etc).[16] No Sri Lankan social scientist to my knowledge has so far attempted a significant analysis of contemporary problems of Sri Lanka, especially as to the direction in which the society should change.

### *Teleonomy Orientation*

The analyses made by Sri Lankans have been within the context of directions imposed by Western models and often sink to empiricism of the worst kind. The criticisms made of the state of American social science in the 1950s by C Wright Mills are relevant here; so is Moore's classification of two orientations in development theory, namely teleology and telenomy. Teleology, according to Moore, is an orientation which involves the identification and implementation of future goals. Telenomy, on the other hand, is an assumption about change which involves a concept of an inevitable future and making adaptive preparations towards it. Clearly, the social-science-based thinking now implemented in Sri Lanka is of the teleonomy sort, purporting to guide towards an inevitable type of future, as defined by Western development theory and the work of Western scholars on Sri Lanka. It therefore directly fits into a supporting role of dependence and neocolonialism for the Sri Lankan intelligentsia who take part in this relationship. That is, in this relationship the role of the scholar is basically that of a comprador academic who directly helps the colonization of the mind and, indirectly that of the economy.

I have attempted to describe some of the aspects of a new colonial relationship in academic world as seen from a Sri Lankan perspective. In more general terms, the relationship can best be described by quoting what Osvaldo Sunkel has recently said about multinational firms:

> In a world of protected (intellectual) markets, but of defenceless consumers (faced with advertising and demonstration effect) a new form of international division of (intellectual)...labour appears, with its corresponding agent: the international ... (ideology-ideas)...manufac-

> turing oligopoly. As in a previous (historical) phase, there is also the same techno-scientific specialization: the centre concentrates on the generation of new scientific and technological knowledge, and the periphery on its consumption and/or routine utilization.
>
> ... as far as transfer of ... (intellectual) ... technology is concerned, what we get are strictly end products, not the 'ability to combine lasting knowledge into commercially viable products and processes'. We get new products and processes, but not the capacity to develop new products and processes. (This) tendency of local ... (ideas-ideology) ... firms and subsidiaries to the wholesale importation of ... (intellectual) ... technology, readymade and foolproof has deleterious effects on such local technological activities as may ... (already or potentially) ... exist.[17]

## IV

### *Relation to Social Reality*

In the discussion so far I have described some of the dynamics of the sociology of development studies in Sri Lanka. I have indicated some features of a dependency relationship, of the growth of an international academic managerial class, and a corresponding growth of an academic proletariat who simultaneously function as academic compradors. This picture has to be tempered with other observations that lie outside this relationship.

The social sciences grew in the West out of an active interaction with social developments in these countries :social scientists interpreted the meaning and purpose of social change and adjudged its future perspectives and direction. Invariably, the interpretations fed themselves back into the consciousness of those making the changes, and thereby affected the social reality that these writers were describing. And, as the social reality itself was constantly changing, the interpretations themselves changed over time. Sometimes the same social reality seen by different observers gave rise to different interpretations of what social processes were actually occurring.

Academic studies in the social sciences in Sri Lanka, and most ex-colonial countries, however, have an air of unreality about them, as they have been formed and formulated in the matrix of Western society, having been addressed to questions thrown up by that society over the last two centuries. They have had no relevance to the realities of Sri Lanka and have not been a part of the political and social debates that went on within the country. In effect, Sri Lanka has bought the social sciences in a readymade prepacked form. But, that package was made for a Western market; it does not fit into the Sri Lankan context. Thus, for example, one sees a glaring gap between real discussions on the social and political realities of the country and the feeble, half-hearted and almost trivial types of study which the parochial Western-oriented tradition has produced in Sri Lanka.

There has been a critical and bold questioning of and about the social reality in Sri Lanka for years. Anagarika Dharmapala, certain political leaders of the 1930s, and even the insurrection of 1971 threw up some very-real questions and comment. But these have not acquired the academic respectability and the legitamacy of real social questions to be looked at within their own logic. This is because academic respectability has been granted only to the problematics raised in the conceptual framework set in the Western world. When the questions these groups raised have entered academies, they have done so as subjects of study, not of debate. Thus, Dharmapala, and the 1971 situation have been studied as disembodied 'social movements', but issue has not been taken with any of the fundamental social issues they raised. This is basically the colonial method of study of subject peoples, not to give credence to what they say, but to explain them away as adults explain away questions raised by children.

## *Decolonizing Academic Life*

Clearly, there is a strong case for decolonizing the academic world in Sri Lanka, as has been recently suggested in some other ex-colonial contexts. This would require a re-examination of the conceptual apparatus used, the reference groups towards which the social sciences are addressed, and the examination of the intellectual dependency relationship itself. Ultimately, the reference group towards which the social sciences in Sri Lanka have to address themselves is the Sri Lankan people and the social and political processes occurring within the country. And the conceptual apparatus of the social sciences to fit this purpose will have to be that which stands the test of explaining the social reality of its inhabitants.

There is today, no real course on development studies in the five campuses of the Ceylon University. There was recently inaugurated a course under this name but it does not touch real development problems. Designed to cater for the production of graduates who will hopefully find jobs and help in development, the course should only be taken as an administrative move away from the teaching of humanities alone and not as a step towards the study of 'development'. None of the fundamental questions of development are discussed.

But within the last year or two, the beginnings of a declaration of some academic independence seem to have emerged. Informally, there have been small groups of dissidents questioning the relevancy of foreign-sponsored studies and paradigms,some of whose members are to be found in groups of local academics co-opted into the government since 1970. Hopefully, a fruitful relevant literature will develop out of these beginnings. This incipient tendency has some parallels in Latin America in the late 1950s and early 1960s. Academics returning from government jobs brought in a counter-view to the conventional views peddled by foreign foundations. This counter-view was the beginning of the healthy Latin

American contribution to development literature.

Outside the straight academic milieu there have also been some interesting writing, in student journals. Some of these articles have attempted to analyse internal socio-economic changes in a bold and imaginative way. Whatever their limitations, the fact that fresh insights are being attempted outside the stultifying limits of neocolonial academic work is heartening. Futhermore at the political level, there is continuing discussion of live issues in the country, although such discussion has not yet made any significant entry into the realms of development studies. Recent political journals in particular have begun to reflect a new sense of analysis which promises to close the gap between political reality and the unreality of development studies. Symbolically, the ILO mission was carrying out its development work in Sri Lanka just as the 1971 insurrection, with its aim of destroying development relationships once and for all, broke out.

### *Radical Sociology*

To the extent that Third World movements against dependency are being increasingly reflected in the more radical sociology of the West,[18] the feedback of the latter is, in turn, helping to inform development studies in Third World countries. For example Delmos Jones, a black American anthropologist, speaking from the viewpoint of the internal colony of America, gives some suggestions to develop a "native anthropology" to take the place of the racist Western anthropology.[19] Stavenhagen, a Mexican social scientist from another Western-dominated country, overviews the entire problem of decolonizing the social sciences and suggests a viewpoint of research arising from the oppressed. He says:

> One of the more criticable and increasingly criticised aspects of social science—at least as far as the Third World is concerned—is that it is mainly concerned with studying the oppressed—from the outside. It should have become abundantly clear in recent years that the causes of oppression, or exploitation, or deprivation (relative or absolute), or simply backwardness and tradionalism, are to be found in the functioning of total systems, in the nature of the relationships binding the oppressed and their oppressors (or if these words shock the sensibilities of those who think they are too value-laden, we may say the deprived and the privileged), into a total system. We must thus try to channel to the former not only scientific knowledge about themselves, but also about how the system works. And this requires giving attention to the other pole of the relationship and perhaps the most important pole: that of the dominant groups.[20]

*(The opinions expressed in this note arose out of two earlier papers on a similar theme read in July 1974 at the University of Sri Lanka and the Institute of Development Studies, University of Sussex. The author is thankful to the participants of the two seminars for their useful comments.)*

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# *Parliamentary Process as a Stabilization Mechanism*

DURING British period, the political process in India was relatively simple. Originally, the East India Company combined in itself the roles of business, political authority and bureaucracy. The company, in collaboration with local decrepit kingdoms, ruled directly, furthering its own interests. Blatant repression by police and military terror aroused protest from Indians in various forms which the company was either unable or unwilling to appease. This illegitimized[1] the government in the eyes of the governed, creating adverse responses.

It was the inherent danger of this situation that ultimately led the British government to take over direct administration in 1857 and to moderate the oppressive exploitation by the East India Company. At this point, bureaucracy and government became distinct from business and commerce. Nevertheless, British interest predominantly continued to be economic, with the civil service at its beck and call. However, the growth of liberal humanitarian trends in England at this time found expression in the ameliorative reforms for the Indian empire.

This structure, with the captains of industry at the top exploiting the people through the machinery of colonial repression, increasingly placed business and bureaucracy in direct opposition to the Indian masses. Their worsening conditions provoked protest in various forms, mostly under the leadership of the Indian National Congress. The Congress, founded by a Briton, was dominated by British-educated elite and supported by the upcoming Indian bourgeoisie. This explains its class character, the conditioning of its leaders in the bourgeois concepts of freedom, democracy, individualism and the welfare state, and the liberalism which some of them manifested. No wonder they accepted capitalism as *the* system. At the same time the native bourgeoisie strengthened itself and developed as an entity separate from British capitalists and playing a junior role.

Increasing nationalist pressure against the weakening British imperialism at the end of the Second World War led to Indian independence. It had become impossible for the British to continue repression and maintain stability for the protection of their economic power. The mass movements of 1921 and 1932 revealed the fury of anti-colonialism which had ominous forebodings for the *raj.*[2]

Independence called for a new structure affording stability. At this time partly out of a bourgeois-humanist concern for "the poor", but mainly from fear of violent upsurge, it was imperative to develop a vehicle of mass protest. Realizing that with the uninterrupted continuation of the old economic order, the (relative, if not absolute) immiserization of the masses would be a natural consequence, the leadership of independent India recognized two important things: first, that in a"free"capitalist democracy the impoverishment of the masses could at best be counteracted by giving out some crumbs to alleviate the more acute deprivation; secondly, that if this immiserization occurred in direct confrontation with the monopoly-feudal-bureaucracy combine, the protest would threaten the stability of the system and catalyse a democratic revolution as the Chinese and Russian examples very much indicated at that time. It thus became essential to develop a mechanism whereby the immiserization could be held at optimal levels which would allow for maximum profiteering without causing instabilizing reactions from the people. The maintenance of law and order, stability, freedom and the avoidance of chaos took precedence over everything else.

### *Democratic Facade*

The mechanism utilized for this purpose was the well-established parliamentary democracy. It was developed as a mechanism which would warn the ruling class when the immiserization of the people was approaching dangerous non-containable levels. It also became a device to hide bourgeois-landlord domination behind the facade of parliament and to produce a false sense of a representative body in control thus preventing direct confrontation between the ruling class alliance and the masses. Even a bureaucratic or a military dictatorship regime stands explicitly and constantly opposed to the masses and the latter have no feeling of any control over their lives. In such situations it becomes much more likely that people would protest directly against the repressive machanism of police and the army, rather than those for whom they act as mere instruments. The wrath of the people is channelled into the parliamentary process, which alone now stands in any direct contact with the masses. By technically making themselves subject to the control of this system while *actually* controlling it, and by giving it some autonomy, the business-landed elites have managed to portary themselves as "citizens" equal to the rest of the population.

The chief purpose of the parliamentary system is to stabilize and legitimize the existing framework of class society. It serves on the one hand as an excellent mechanism for the masses to let off steam and on the other enables the rulers to take measures which would optimally ameliorate their situation, keeping it from getting too dangerous.

It would be helpful to visualize the present set-up as made up of four distinct entities: i) bourgeois-landlord class; ii) parliamentary politicians[3]; iii) police and the administrative apparatus; and iv) the masses. This is undoubtedly a simplistic analysis of a complex mechanism. I think, however, that it is adequate for the present analysis. There do exist many contradictions and antagonisms within each of these four groups, but we will overlook these for the time being.

The bureaucracy, politicians and the business-landed classes ultimately stand together as one group—the ruling class. However, in order to understand how the parliamentary process subjectively diffuses the class character of the state, it is important to look closely at the interrelations among these three groups.

### *Ruling-Class Interests Converge*

The parliamentary politicians at least enjoy apparent autonomy. Their main object is staying on in power which entails catching votes, and retaining the support of capitalists and landlords who control the national economy. Political power derived from this support gives them status and money. Their actions are therefore aimed at votes, power and money.

The bureaucrats, too, are out to stay in power and enjoy the benefits. Promotions and rewards are granted to them, especially the top officials, by politicians in recognition of the former's loyalty. A majority of this group has a middle-class origin and a stake in the system; their consciousness and values identify them with the propertied classes. Comparatively, the lower bureaucrats—clerks and the like—have a much smaller stake in the system. There is a limit to the concessions that can be made to them in the form of promotions or wage increases. On the whole, the parliamentary politicians and bureaucrats do the bidding of the men of substance.

The bourgeois-landlord classes want to subjectively justify and perpetuate the existent framework of property rights.[4] Thus, their prime need is the maintenance of stability and law and order, freedom and sanctity of trade, contract, travel and property, and the like. They have money to offer to the bureaucrats and the parliamentary politicians to do this job.

The masses have only votes to give. The alternatives open to them lie in upsetting the stability of the system by such means as gheraos, bundhs, strikes, riots and unrest. Through votes and instability-creation they can obtain some relief from the parliamentary process. Naturally only the organized sections who are capable of wielding this power gain some kind of relief. Through votes they sometimes manage to displace the political party in power. But the new party can help only within the limits of the constitution, that is, the straitjacket of capitalism and property rights.

Within this framework the ruling class—the bourgeoisie and landlords, parliamentary politicians and top bureaucrats—initiates four types of measures to stabilize the system: amelioration of hardships; control of business and landed interests; containment of instability; and charity combined with manipulation of thought.

## *Hardship Amelioration*

Legislation for this purpose is primarily initiated by the parliamentary politicians. It is catalysed by the political parties taking the cause to the floor of parliament and also by a few sincere individuals who want to reduce hardships. Crash programmes for rural employment, jobs for half-a-million, one lakh houses, and factory acts, are a few examples. When the hardships of the people increase in intensity the opposition parties tend to gain more support, and more seats in parliament, and expedite enactment. The laws are framed by the administrative or legal staff of the ministries and implemented by bureaucrats. In the process of implementation the bureaucrats partly ameliorate the hardships of the masses and simultaneously secure opportunities to make monetary gains. For example, an unemployed person to get a job under the Half Million Jobs Scheme will have first to pay a substantial bribe to the bureaucrat. This explains why every law is bureaucratized. If the bureaucrats sincerely implemented these laws they would not be able to make money out of them. To the extent that amelioration does occur, people tend to rely increasingly on the political process for the fulfilment of their future needs. These actions are also undertaken by the ruling political party with an eye on votes at the next polling.

What is important here is not which political party gets the votes but the fact that the parliamentary system is legitimized in the process. The amelioration discourages the masses from resorting to direct action like gheraos and bundhs. It has been noted that pressure through votes or instability can be exerted only by organized groups. Thus urban labourers in industries like steel, cement and sugar have been able to protect themselves in the last fifteen years, while the urban casual and rural landless labourers have looked on helplessly as their real incomes declined.[5] If the amelioration does not take place fast enough people may de-emphasize the parliamenary political process and resort to strikes and bundhs and other forms of instability. This type of action leads to a change of ministry or of policies in some form, once again restoring the parliamentary system. The net result is that whenever hardships mount above a certain level, they are manifested in changes of ministries and ameliorative laws. The cycle continues and the system stabilizes.

## *Curbs on Business and Landlordism*

Some laws are made by parliament overtly to 'control' business and landlordism in the interests of the masses: land reforms, nationalizations, monopolies and restrictive trade curbs, licensing and price controls, foodgrains wholesale trade takeovers, or restraints on repatriation of foreign capital, fall under this category. Before enactment and after, these are heralded as 'socialistic' policies and create an illusion that the government is indeed controlling the rich and that people's opinions are reflected in government policies. In brief, the people are asked to believe that it is 'their' government. Their votes go to the ruling party, affirming faith in the parliamentary system, thereby legitimizing and stabilizing it.

However, as there is very little association of the people in the implementation of these laws they are relatively unaware of the real intent. Bureaucracy, as mentioned earlier, plays an active role right from the formulation of the laws. Built-in loopholes enable business and industry to evade most of the provisions and the bureaucracy to make money through corrupt practices. This is how the laws are enforced. Capital-owners respond in two ways: they bribe the officials for lenient implementation or non-implementation; and secondly, they make contributions to parties and politicians with a view to non-enforcement of current regulations and to dissuading them from further regulatory enactments. Bureaucratic implementation effectively subverts these laws. Political parties turn a blind eye because they can make more money by posing the threat of further laws or stricter implementation. In the process, the officials enrich themselves, business gets stability, and the political parties bag votes and money.

This also partly explains, incidentally, why business and the landed gentry do not vehemently support parties like the Jan Sangh and Swatantra which are ineffective media for mass grievances and bring the dominant classes in direct conflict with the people. After banks were nationalized, businessmen came out in support of Indira Gandhi! Their primary concern is to maintain the stability and legitimacy of the system rather than the level of profits which temporarily takes a second place. They are willing to let some of their own class suffer harassment, be outwardly subjected to govermental control, and undergo some restrictions. They prefer optimal profits to maximal profits in an emergency. Survival is the first and foremost consideration.

## *Instability Control*

If and when needed, laws can be implemented rather effectively through the police bureaucracy. As hardships get beyond a certain level and the masses are organized by the left political parties, it may not be either easy or possible to combat instablity by illusions or ameliorative measures immediately. Thus when people do resort to strikes, bundhs or more militant action, it becomes necessary to promulgate laws such as Defence of India Rules, Maintenance of Internal Security Act, Emergency Ordinances, or the Essential Commodities Act. These tend to have the support of the propertied classes. The values of freedom, law and order and peace, shared by the ruling classes acquire special significance. The police and the bureaucracy suddenly show relative efficiency and even 'cleanness' in preserving law and order partly because the masses that they put down do not have ready cash for bribes. Gheraos, strikes and bundhs are met with a firm hand when the situation becomes uncontrollable otherwise.

Careerist advancement is a powerful motive of the police officers as it is of the administrative personnel. With this axe to grind, the police bureaucracy acts hand in glove with the political bosses. Laws are invoked or set aside at the behest of the politicians. For example, whether a strike is to be broken or not is a question not of legal but political assessment. The rich have no difficulty in getting some poor 'trouble-maker' locked up. The villagers often find the police as willing tools of the landlords to coerce the poor.

### *Brainwashing and Cultural Domination*

In the long run the problem of stability is intricately tied up with the values of the people. If the values can be modified to exclude the use of instabilizing actions by the masses, the system becomes reasonably stable. To this end, the educational system is extensively utilized to condition the people to concepts of hierarchy, subservience, internal peace, property rights, freedom of travel, sanctity of contract, and so on. Attempts are made to eradicate the very idea of instability as a follow-up to demands. The educational system, particularly at the lower levels, teaches eloquently about our democratic political system making the students believe that *within* this structure they have complete freedom to change any government. It takes for granted the sanctity of property and the freedoms of speech, religion and travel. At the same time great emphasis is laid upon 'fair' management, which consists of a judicious use of incentives to breed the work ethic among employees. These measures seek to destroy the concept of collective action and conditions the people to believe that their betterment lies in individualistic hard work rather than collective action. A 'sympathetic' orientation to labour is also encouraged.

Charity, philanthropy and social work are encouraged to fill in gaps in the governmental ameliorative mechanism. The news media de-emphasize collective actions and propagandize their 'illegitimacy' and undesirability. Attracting people to individualistic consumption through movies and advertisements is another means applied to maintain stability by distracting attention from the problems of the system. Wide publicity is given to acts of benificence to create a 'positive' image of the rich and further reinforce the acceptability of the existing structure to the masses. *The key to the stability of the system in the long run is the creation of a public which does not perceive any disharmony in the society.* If the competitive individualist-materialist system is accepted, any collective action which is *sine qua non* of instability becomes a sin. It is to this end that the educational system, cultural and news media and other means of brainwashing are specifically directed.

We have discussed four types of measures undertaken within the framework of the parliamentary system: charity and manipulation of thought in the long run; control and amelioration in the medium run; and the repressive laws for the control of instability in the short run. This strategy seems to have worked well in the last 25 years. However, there appear to be two situations when these efforts become inadequate.

The first situation arises if and when the parliamentary system backfires and an attempt is made by a left political party to use it as a means of bringing about structural change. For example, if an attempt is made to abolish private property rights or to develop total workers' control in industry, *ipso facto* the purpose of the parliamentary process as a legitimizer and stabilizer of the status quo is defeated.

The second situation arises when it is not possible to control instability through any of the four means outlined. This may happen due to various reasons: hardships may not be ameliorated at fast enough a pace; a natural calamity such as famine may increase the dissatisfaction beyond 'acceptable' levels; frustrated hopes and broken promises may lead to disenchantment with the parliamentary process; or the left parties may organize effectively enough to pose a real threat to the system which it may not be possible to overcome within the confines of parliamentarism.

## *Extraparliamentary Repression*

In the first case the *raison d'etre* of the parliamentary process exists no more; in the second case it becomes ineffective. Either way, there materializes a threat to the ruling classes. They stand to lose and seek to secure their position by deploying the army and the police. It must not be overlooked here that the bureaucrats and the parliamentary politicians, in the ultimate analysis, have only a vested interest. Ultimate control of the economy rests with the industrialists, businessmen and landlords who have the power to decide the fate of bureaucrats and parliamentary politicians. This was what happened in Chile. By manipulation of the international copper market, the foreign monopolies precipitated an internal economic crisis which led to the downfall of Allende. On the other hand, Hitler survived in Germany not necessarily because he was actively supported by the monopolies, but because his policies objectively helped the German bourgeoisie.

Crisis situations are handled under the slogans of preserving internal peace, democracy, freedom, law and order and the sanctity of the constitution. The police and army habituate their men into the 'naturalness' of obedience, discipline and hierarchy on the one hand, and their role as a preserver of law and order on the other. The lower echelons of bureaucracy are kept out of the process of political education: their consciousness is manipulated in such a way as to create an unquestioning attitude to authority, and they are taught not to think of the acts they perform in broader ethical or moral terms except as an impersonal action to discharge the 'duty' for which they are paid. They let themselves be used by the ruling class without making a fuss.

The parliamentary system is bypassed, sometimes maintaining a thin façade of democracy (but in utter disregard of its norms) and the rulers engage themselves in direct repression. The toppling of the CPI government in Kerala in 1959, the overthrow of Sukarno in Indonesia in 1965 and of Allende in Chile in 1973 are but a few of the examples of such ruling-class response.

Thus the parliamentary system is tolerated, even encouraged, as long as it is useful as a legitimizer and a stabilizer of the system. The moment this role ceases, it is discarded.

To understand further the working of the political process, we have to distinguish between the ruling party and the opposition. The governing party colludes with the ruling class for the mobilization of funds for the elections and as explained earlier, it frames laws and schemes in a manner that satisfies the interests of the monopoly bourgeoisie and landlords while ensuring its own survival.

## *Opposition as a Feedback Mechanism*

The opposition serves a more interesting role. It primarily functions as a feedback mechanism. The unrest and dissatisfaction of the masses are more quickly and effectively reflected by the opposition parties in parliament. They give a forewarning of the impending danger of instability which helps bring about reformist ameliorative measures. Reformist trade unions constitute another form of parliamentary opposition: by organizing the working class and reflecting its hardships in the parliamentary set-up they diffuse unrest aad prevent discontent from getting out of hand. The opposition, by swearing loyalty to the constitution and accepting the parliamentary system, mainly diverts the unrest in riots, bundhs, strikes, dehoarding campaigns, and so on. In shadow-boxing, it often falls back on regionalism, communalism and other such issues for mobilizing support,but,in the process,deflects the wrath of the people from basic economic issues. The DMK is but one example of this phenomenon.

The most important thing, of course, is that it does not really matter which political party comes to power. Parliamentary mechanism is extremely resilient. It has also built into itself bureaucratic resistance whereby any attempt to effect even minor changes within the system can be sabotaged by the bureaucracy if powers-that-be so desire. Bureaucracy finds itself in a dilemma in such situations. Its values may impel it to sabotage the efforts of the government, but its money, promotion and survival interests constrain implementation of government policies. These motives were behind the police not breaking the gheraos in West Bengal in 1967-69.

## *The Planning Game*

It becomes evident from the foregoing analysis that there is no member of the ruling class alliance which wants economic growth or development *per se*. The government, that is, the parliamentary politicians and the bureaucrats, are interested only in their pickings and survival.

It also explains why programmes and projects are made and implemented in a manner that the bureaucracy, the politicians, and the monopoly bourgeoisie benefit, with no reference to the priorities of the national economy (Steel, coal, fertilizers, dams and canals, for example, continue to be neglected). Such neglect however, leads irrevocably to crisis, such as the present one. Stability is again threatened. The government responds as if in genuine concern for the economy and some remedial measures are taken. These measures aim not at an improvement of the economy but at averting the crisis, and thereby perpetuating it in the long run. This would explain the recent drive against the smugglers and attempts to make the public sector corporations autonomous.The former is directed at a part of the business community, the latter against a segment of the bureaucracy.

There are many internal contradictions within the ruling class. The resolution of these contradictions calls for 'socialist' measures. For example, the conflict between landlords and rich peasants makes for 'socialist' land reforms. The conflict between the monopolists and small bourgeoisie makes the way clear for 'socialist' nationalization!

So much for capitalist planning. It is in truth planning for exploitation and suppression, to perpetuate the planners and their benefactors. Planning is for the monopolies, foreign and native, and the landed gentry who pull the strings behind the planners and their economists. Obviously then, it is foolish to expect anything else from their Planning Commission.

### *Main Work Lies outside Parliament*

This note made an attempt at explaining how the parlimentary process stabilizes the rule of the capitalists and landlords, but by no means does it lay down what position we must take vis-a-vis parliament. One must start from the basic historical materialist understanding of the development of society: production relations rearrange themselves as and when possibilities of further development of productive potential are exhausted within a given set of relations. Parliamentary system has to be viewed in the light of the contribution it has made towards such development and the exhaustion or depletion of its potential.

Ideas become material forces only when they grip the masses. Invariably, unless educated otherwise, the masses tend to accept the values and ideas of the ruling class. These include ideas of representative democracy, and neutrality of the state and government in class conflict. It is most important to expose the reality of the class nature of the parliamentary system. By simply rejecting parliament one does not expose it, rather one tends to be portrayed as incapable of working within the so called democratic set-up. Pressures have to be built inside parliament to expose its true class nature, but the real struggle must be waged outside and it is one of revealing the class character of parliamentary democracy to the masses and of dispelling the illusions that go with it. This would mean that the primary political work is *outside* the four walls of legislatures. Criticism inside tends to work more as a feedback mechanism rather than as an exposure of the system.

In order to be able to mobilize and educate the masses, some elementary freedoms of speech and organization are essential. In their absence, political work becomes restricted and difficult. Thus a total rejection of the parlimentary system may not be at all times helpful or tactical. One has to use it to protect the available freedoms which are prerequisites for organizational and educational tasks.

BHARAT JHUNJHUNWALA

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[1] *Legitimacy* is the foundation of such governmental power as...exercised both with a consciousness on the government's part that it has a right to govern and with *some recognition by the governed of that right*". (Emphasis added). *International Encyclopaedia of the Social Sciences,* The Macmillan Company and the Free Press, Vol 9, pp 244-48.

[2] Hiren Mukherjee, *Gandhiji,* People's Publishing House.

[3] Parliamentary in that they accept parliament as representative of the masses and work solely within that framework. I use the word "parliament" to include the state legislatures also.

[4] The Constitution of India specifies the right to private property as an "inalienable" right, which is not the case even in the US and UK constitutions.

[5] While the index of real wages of industrial labourers have remained constant at 100 between 1960 and 1971, the wages of agricultural labourers have fallen to 68 in Karnataka, 84 in AP, 87 in MP, 84 in Kerala, 98 in Bihar and 110 in Tamil Nadu. Data from Labour Bureau, and *Agricultural Situation in India.*

# *BOOK REVIEWS*

E M S Namboodiripad, INDIAN PLANNING IN CRISIS, Chintha Publishers, Trivandrum 1974,Pp 136 Rs 8.

THIS book brings into sharp focus the dismal failure of the programme of planned development initiated in 1951 to reach declared goals and solve economic problems. In laying open the fundamental reasons for such failure, the author has attempted to clarify the dichotomy between the form and substance of Indian planning. He has analysed its pattern and performance in the historical perspective, as part of the strategy of the Indian national bourgeoisie to consolidate and improve its position right from the days of the national independence movement.

In studying the background of Indian planning, evaluating its performance and indicating the direction of its movement, it will be necessary to understand the class character of India's national independence struggle. The Indian economy was an appendage of British imperialism but it was not long before a national bourgeoisie emerged in the colonial process and developed its own distinct character and interest. In course of time this class came to its own. The development of its level of consciousness was reflected in the increasingly persistent demand for national autonomy in the political sphere with a view to utilizing the state machinery to subserve economic interests. The culminating point of this struggle was the transfer of power in 1947 to the Indian bourgeoisie.

This transfer of power certainly did not represent any break from world capitalism. It only meant a redefinition of the links between India and the capitalist system. Nor did the Indian national bourgeoisie at any time strive or hope for any such break; the objective of independence was the protection and development of its class interests within the framework of world capitalism. Conflicts and co-operation in between the different national bourgeoisies applied equally to India: conflict arose in as much as Indian capitalists wanted to attain their rightful place in the system and co-operation was automatically ensured with other constituent parts of the system once this was granted.

### *Who Wants Stability?*

The so-called 'Keynesian Revolution' placed new policy weapons in the hands of the bourgeoisie to ensure stability of the economy and its smooth functioning free from the vagaries of fluctuations. It did not envisage any change in the pattern of production relations; on the contrary, it desparately wanted to show that the production relations under the capitalist system can withstand the challenge of increasingly severe crises by manipulating the monetary and fiscal policies of the government. The inadequacy of the Keynesian techniques to save capitalism from the impact of recurring crises was manifested in the subsequent period and is more clearly evident today when the capitalist system is caught up in the inextricable web of a widening and deepening crisis, generated out of its own inherent contradictions.

The impact of Keynes on the Indian bourgeoisie has been direct though stability has not been the principal hallmark of its approach to problems. It wanted to expand and develop the relatively underdeveloped infrastructure to faciliate efficient exploitation of the natural and human resources and to reach an optimum size and level of production for turning the economies of scale into profit maximization. This is quite evident from the following passage quoted by E M S Namboodiripad from the pioneering work, *The Planned Economy for India* by Sir M. Visvesvaraya: "It is safe for this country to proceed along the lines practised in such capitalist countries as France and United States of America. We have yet to build up some measure of moderate industrial prosperity and for the present capitalism is best suited for that purpose."

Whereas the main anxiety of the Keynesian system was to ensure stability in the economy involving active governmental co-operation, the Indian bourgeoisie wanted to create a strong and favourable base for further development of capitalism and to utilize the state machinery towards that end without, of course, permitting such utilization to interfere with its own class interests. The underlying objective is stated explicitly or implicitly in the Visvesvaraya Plan, the Bombay Plan and the other schemes hatched by the ruling classes.

### *Gainers and Losers*

It is axiomatic that the dominant class would utilize the entire socio-economic fabric to further its class interests. Professed targets notwithstanding, the results of Indian planning so far have demonstrated beyond any doubt that only the interests of the dominant class have been served to the exclusion of everybody else. E M S Namboodiripad has shown, with facts and figures, how effectively this has been achieved. The widening disparities in income and wealth, the continual reduction in the share of the national wealth for the working people and a corresponding increase to the owners of capital and an intensifying concentration of wealth in fewer hands—all these under a socialist mask—indicate clearly the direction in which Indian plans are heading. While the plums of development have gone to the bourgeoisie and their allies the problems of the working masses have been aggravated. While socialist countries have insulated their planning from the crisis of world capitalism, the experience of India has been the reverse: recurring explosions outside have rocked the economy to its foundations.

Poverty and unemployment, deprivation of medical, educational and housing facilities, all these have worsened over the period of planning. E M S has brought out the analogy of Indian development with the Democratic People's Republic of Korea where, against much heavier odds, the progress achieved has been phenomenal. Korea has been genuinely and firmly put on the path of socialist development and considerable ground has been covered to solve the basic problems of a hitherto underdeveloped economy. The success story of Korea is not an isolated instance: it is equally applicable to all socialist economies, from war-torn Vietnam to the Peoples' Republic of China and the Soviet Union.

It should be remembered that the crisis in Indian planning is a crisis for the working class alone. The entire benefit has gone to the bourgeoisie and its allies who are in collaboration with world monopoly capitalism.

### *Alternative Policies: Basis for Discussion*

The author has reiterated the alternative policies proposed by the undivided Communist Party of India in 1956 for a minimum programme of national reconstruction as well as the alternative policies for the Fourth Five Year Plan formulated at the Seminar organized by the State Planning Board of Kerala in 1968. It is contended that adoption of these alternatives alone can solve the basic problems of the economy in the face of failure and futility of ruling-class policies.

Adoption of the alternative proposals would sound the knell of the Indian national bourgeoisie and its allies. It is too much to expect that it would voluntarily give up its entrenched positions and surrender its interests to the working class. The automatic rejection of the alternatives by the ruling class without even giving them any serious consideration is therefore quite understandable. Beyond reaffirming the class character of India's economic planning, such exercises have only an academic interest and certainly not even the planners would seriously think that the adoption of these policies is at least a remote possibility in the existing economic-political power structure. Namboodiripad has been able to tear down the socialist garb of Indian planning and bring into the open its real content: the protection and furtherance of the class interests of Indian bourgeoisie and their allies as also of foreign monopoly capital. It would therefore be correct to say that planning in India has become utterly irrelevant to the vast majority of the country's population, the entire working class.

*Indian Planning in Crisis* should therefore evoke considerable public discussion on certain basic questions. The intention of writing the book is spelt out clearly in the first chapter. The questions, as to whether planning has failed, whether there is any possibility of saving it and also whether planning of the type formulated and practised can cope with the vital problems, are so very important for the general public that detailed further discussions should be undertaken on all these. The facts and arguments presented by the author should give direction and guidance to such discussions/and generate significant public awareness of the real character of the problems involved.

## *Political Significance*

The crucial question which must be asked in the context of any discussion on Indian planning is this: what is the significance of planning to the Indian working masses and what is the ideological position the working class and its vanguard should adopt? Unless this question is answered and the correct ideological position defined, the dialectical development of Indian politics would be jeopardized. In fact, it would appear that the ills plaguing India's left and democratic movement could be traced to the lack of any clear formulation on this issue.

If we accept that planning has been a tool in the hands of the bourgeoisie and their allies to protect and improve their position, (and this has been amply demonstrated by the results of 24 years of planning) the inescapable conclusion is that the present type of planning has little relevance or value for the working masses of India and therefore it deserves to be totally rejected by them. There is little doubt that the burden of planning for further enrichment of the bourgeois-landlord classes and their foreign allies has squarely fallen on the shoulders of the Indian working masses who are reeling under its weight.

It was necessary and possible to identify the class character of Indian economic planning and to foresee the inevitable course it would take and the results it would achieve even when planning was at an initial stage. That would have enabled the working class and its vanguard to reject outright the present type of planning long ago and to tear off the socialist mask as soon as it was put on. Instead, sections of the left movement have fallen naively for the deception of the ruling classes and compromised their position in respect of the vital issues affecting working-class interests.

## *Social Engineering is No Answer*

It is essential that we recognize that, unless it is possible to alter the production relations obtaining in the system, any purposeful utilization of the tools of planning for socialist construction and achieving solution of the primary problems of the population will have to be ruled out. Such basic alteration in the production relations would not come about automatically and the lessons of history clearly indicate that unless the working class and its vanguard adopt the correct ideological position and are prepared to make sacrifices, no alteration in the production relations is possible. When the working class realizes the deception of the socialist mask of bourgeois planning and calls its bluff, a class confrontation is bound to follow; more potent weapons will issue from the armoury to counter the development of proletarian consciousness. What is of paramount importance for the working-class movement is to unite and clearly formulate the correct approach to the various bourgeois techniques to hoodwink, cajole and go on exploiting. By unity and the continuous development of its level of consciousness the working class and its vanguard can constantly bring into the open the inherent contradictions of the Indian capitalist system, and in a concerted effort accentuate the crisis in the system leading to its ultimate breakdown.

The present reviewer therefore feels that what is necessary for the working class and its vanguard is not so much to find ways and means of saving Indian planning as to quicken its dissolution in the present form. It must be replaced by genuine socialist planning on the basis of completely altered production relations in Indian society.

T G Sankaran

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Alfred De Souza, INDIAN PUBLIC SCHOOLS: A SOCIOLOGICAL STUDY, Sterling Publishers (P) Ltd., New Delhi 1974, Pp 304 Rs 45.

A published Ph D thesis, this book is a notable piece of research employing the analytical tools of contemporary structural-functional sociology. It has indeed succeeded in explaining "in sociological terms the social and cultural structure of the public schools."[1] But doubts still linger about the relationship between public schools and "the wider society of which they form a part".[2]

If the public school system, a legacy of the Empire, has failed to attract "the attention of sociologists", it could well be because it is a dying institution. If, on the other hand, "they are believed to be one of the main agencies for the selection and socialization of the new elites in India"[3] there would have been no such neglect throughout the last quarter of a century. The very fact that there were only 42 public schools in the whole of India in 1968 shows their comparative irrelevance to contemporary education. Moreover, as J P Naik, Member-Secretary of the Indian Council of Social Science Research, pointed out, these negligibly few educational institutions are "not only artificial islands of prosperity"[4] but greenhouses for perpetuating the privileges of a rich few at the top. As De Souza states, in spite of a few merit scholarships awarded by the

Government of India, these establishments still retain their upper-class exclusiveness.[5]

Indian public schools have not departed from the aims and objectives laid down by Smith-Pearse, Pearce, Merchant and Foot who firmly believed in the mimicry of British values and beliefs by the Indian elites so as to keep them subservient to imperialist rule. Public school education was an effective means of perpetuating colonial domination by grooming the upper class into some kind of cultural dependence and emotional loyalty. Though such training grounds served the interest of colonialism, they came to be reduced to an educational farce during the post-independence period and ceased to have their former significance.

### *Problems of Adjustment*

This study shows that notwithstanding the moves to adapt themselves to post-independence standards of secondary school education and also to climb down from the high pedestals, "evidence suggests that the public schools have not as yet evolved a style of life that is noticeably different from what it was when Sargent, Pearce and their English colleagues founded them."[6] The structure of public schools and the patterns of socialization and communication as detailed in chapters III and IV indicate that "the tendency of the schools is to give importance to 'status' socialization, that is, the transmission of a general code of conduct, symbols and social skills that are distinctive of elite styles of life."[7] The various extra-curricular activities, which often have precedenee over academic pursuits, show more the leisure-class exclusiveness of these institutions than their academic excellence. At the same time the pattern of sanctions and controls, as De Souza describes, are in conformity with the needs of British imperialism for securing subservience from Indian elites. "Training in self-reliance, initiative, leadership and responsibility tends to be undermined by the patterned conformity demanded by the rigorous discipline."[8] As a consequence, though De Souza does not seem to be aware of it, one who goes through his data gets the impression that the alumni of public schools who belong to the rich upper class tend to be ambivalent in their attitudes and consequently to be disorganized in their personality.

De Souza has collected enough data to give a vivid picture of the organizational structure of the public school system. Leaving aside a few generalizations on the elite structure of public school organization,[9] the structural-functional scheme which he used has been quite adequate for the analysis of his data. But his attempt to link the public school "with its external environment" in chapter VII did not turn out to be a success: it is difficult to identify the'linkage' which, he claims, exists between public schools and the public. What the author has done amounts to collecting some information about the parents and the old boys and passing it off under the label of external environment. He could not effectively bring out any perceptible contribution of the public school system to the Indian situation or to educational theory or practice. Though the data show that the public school system in contemporary India is ineffective even for catering to the educational needs of the upper class, the study has refrained from making the obvious conclusions on its relevance to the Indian context. On the other hand the statement that "as class-linked institutions," public schools "offer the social and economic advantages of a good education to those who can afford to pay for it"[10] is a contradiction of the evidence that emerges from the data but remains unsaid.

On the whole one has to agree with De Souza when he says that he has provided "a structural analysis of the public schools."[11] Though the work is a good example of structural-functional exercise in analysing an irrelevant and anachronistitc institution, one cannot but concede the relevance of such studies to contemporary sociological analysis.

G RAMACHANDRA RAJ

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[1] Alfred De Souza, *Indian Public Schools : A Sociological Study*, p 8.
[2] *Ibid.*
[3] *Ibid.*
[4] *Ibid.*, p 37.
[5] *Ibid.*, ch. I.
[6] *Ibid.*, p 65.
[7] *Ibid.*, p 137.
[8] *Ibid.*, p 106.
[9] *Ibid.*, pp 151, 180, 220, 221.
[10] *Ibid.*, p 276.
[11] *Ibid.*, p 283.

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